

Fitch Downgrades Argentina Zero Coupon Notes Series E, F & Brady Bonds

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Fitch Ratings-Chicago-October 21, 2003: Fitch Ratings has downgraded the Republic of Argentina's following bond issuances: --US\$250 million series E zero coupon notes to 'D' from 'CC'; --US\$250 million series F zero coupon notes to 'C' from 'CC'; --Brady par bonds to 'DD' from 'CC'; --Discount bonds to 'C' from 'CC'. The downgrades of the zero coupon notes are a result of the government's failure to make the series E Oct. 15, 2003 payment. Series A through C matured as scheduled, and the series D payment scheduled for October 2002 utilized the rolling World Bank guarantee. The guarantee is no longer in place; thus, the missed payment last week resulted in a default on the notes. The series F is scheduled to pay Oct. 15, 2004. Additionally, as the collateral backing Argentina's Brady par bonds was completely depleted to cover coupons in May and November of 2002, and the government has no intention of replenishing the collateral or servicing this instrument due to its moratorium on external debt service, Fitch has downgraded the issue rating to 'DD' from 'CC'. Similarly, after covering interest payments since the government declared its moratorium, the collateral backing the discount bonds may not be sufficient to cover the interest payment due on Nov. 30, 2003. As a result, Fitch has downgraded the issue rating on the discount bonds to 'C' from 'CC'. Contact: Greg Kabance +1-312-368-2052, Jennifer Conner +1-312-368-2080, Chicago; Theresa Paiz-Fredel +1-212-908-0534, Roger Scher +1-212-908-0240, New York. Media Relations: Matt Burkhard +1-212-908-0540, New York.