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Fitch Rates Argentina's 2019, 2021, 2026 and 2046 Global Bonds 'B'

Fitch Ratings-New York-21 April 2016: Fitch Ratings has assigned a 'B' rating to Argentina's international bonds:

- USD2.75 billion maturing 2019 with a coupon of 6.25%;
- USD4.5 billion maturing 2021 with a coupon of 6.875%;
- USD6.5 billion maturing 2026 with a coupon of 7.5%;
- USD2.75 billion maturing 2046 with a coupon of 7.625%.

The bond proceeds will be directed towards the payment of settlement agreements between Argentina and holdout creditors that did not participate in the 2005 and 2010 bond debt restructurings with the balance being used for general purposes of the government.

KEY RATING DRIVERS

On March 22, 2016, Fitch upgraded Argentina's long-term local currency IDR to 'B' with a Stable Outlook reflecting the improved consistency and sustainability of Argentina's policy framework, reduced external vulnerability, and the expected easing of fiscal financing constraints. These improvements balance risks related to relatively weak external liquidity, continued macroeconomic underperformance compared with peers, and deterioration of public finances in recent years.

The rating on Argentina's international bonds is above the sovereign's current long-term foreign currency Issuer Default Rating (IDR) of 'RD'. At the time of the local currency upgrade, Fitch indicated the resumption of timely debt service on defaulted bonds would lead to the upgrade of the long-term foreign currency IDR, most likely to the level of the long-term local currency IDR.

Since the last review of Argentina's sovereign rating, the government has continued to make progress toward removing the injunction that presently

constrains Argentina from servicing its restructured debt.

The Argentine congress has approved legislation to remove the Lock Law and Sovereign Payments Law (two pieces of legislation that prevented authorities from negotiating with holdouts), and the government has successfully raised funds to pay for the settlement with holdout creditors. On April 13, the Court of Appeal confirmed these preconditions to lift the injunction.

RATING SENSITIVITIES

The rating would be sensitive to Argentina's sovereign rating once it cures the default on restructured debt. On the other hand, Argentina's failure to cure its default would result in a downgrade of the bond ratings. On April 15 2016, Fitch assigned an expected 'B(EXP)' rating to Argentina's international bond issuance.

Contact:

Primary Analyst

Erich Arispe

Director

+1-212-908-9165

Fitch Ratings, Inc.

33 Whitehall Street

New York, NY 10004

Secondary Analyst

Shelly Shetty

Senior Director

+1-212-908-0324

Committee Chairperson

Charles Seville

Senior Director Director

+1-212-908-0277

Media Relations: Alyssa Castelli, New York, Tel: +1 (212) 908 0540, Email: alyssa.castelli@fitchratings.com.

Date of Relevant Rating Committee: April 15, 2016

Additional information is available on www.fitchratings.com

Applicable Criteria

[Sovereign Rating Criteria \(pub. 12 Aug 2014\)](#)

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