



Fitch Affs Mendoza's 'C' Rating & Removes Negative Rating Watch

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Fitch Ratings-New York-September 4, 2003: Fitch Ratings has affirmed the 'C' rating on the Province of Mendoza US\$250 million 10% bonds due 2007. The rating action followed Mendoza's announcement on Sept. 1 that the scheduled interest payment of US\$12.5 million on the bonds will be made today timely and in full. The Rating Outlook is Stable.

The province has announced plans to restructure the bonds and has sought expert financial advice. Fitch will continue to monitor the province's decisions associated with the bond obligation and expects to review any restructuring proposals in upcoming weeks. Future rating actions will hinge upon the characteristics of any restructuring scheme. Under the existing indenture, no principal payments are due prior to the final (legal) maturity date. The bonds represent an unsecured, unsubordinated obligation of the province.

Mendoza has distinguished itself amongst Argentine borrowers by honoring its Eurobond commitments in spite of the enormous obstacles resulting from the financial and fiscal crisis created by the sovereign in 2001.

Province of Mendoza is one of Argentina's 24 regional districts. Bordering on the Andean range along the Chilean border, Mendoza's diverse economy centers on agriculture and wine production, hydrocarbons, and tourism.

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