Fitch W/Draws Argentine Province Tierra del Fuego Oil & Gas Royalty Notes Due to Pay Down

8 de octubre de 2003

Fitch Ratings-Chicago-October 8, 2003: Fitch Ratings has withdrawn the 'C' rating on Province of Tierra del Fuego's US$55 million series A, 9% collateralized oil and gas royalty notes due 2003 upon full repayment of principal and interest at the final maturity date. The rating action followed receipt of notification from the trustee that the scheduled final payment of approximately US$2.7 million was made to the noteholders on Sept. 24, 2003. Fitch rated the collateralized notes of the province in October 1997. The structure of the notes transaction consisted of the diversion of royalties associated with hydrocarbon production within the province into dedicated accounts for debt service administered by a collection agent in Argentina and trustee in New York. Under Argentina's Hydrocarbon Law, the royalties must be paid to the province by concessionaires (oil and gas producers) in pesos. Under the indenture, the Argentine paying agent converted the pesos to U.S. dollars and transferred the amount necessary for scheduled monthly interest payments and quarterly principal payments to the U.S. Collection Account maintained by the Indenture Trustee. Although the province's hydrocarbon output is priced in U.S. dollars in the global markets, the rating was constrained by Argentina's sovereign ceiling, reflecting the Hydrocarbon Law's requirement that the royalties be paid to the provinces in pesos. Under Argentina's Privatization Law, the province is the direct beneficiary of its oil and gas wealth and is entitled to receive royalty payments from concessionaires operating within the province. The rating of the notes was referenced off the senior unsecured debt rating (issuer rating) of Tierra del Fuego, as the notes represented direct obligations of the province under the indenture. Essentially, Fitch viewed the royalty notes as secured debt of the province. The transaction structure successfully isolated the royalty payments from the province's general revenues at levels sufficient to cover debt service and provide safety margins (over-collateralization) as well as a three month debt service reserve account. Despite Argentina's default in 2001 and the ongoing disarray in the nation's finances, Tierra del Fuego's noteholders continued to receive timely principal and interest; collateral flows averaged over US$10 million throughout the life of the notes and debt service ratios averaged 3.5 times (x). Throughout the term of the notes, the structure performed as anticipated at issuance. Fitch rates the province's unsecured debts 'C' Rating Watch Negative. The rating remains under review. Tierra del Fuego is the southernmost province of Argentina. It is essentially an archipelago situated off the southern tip of the American continent. While the province's economic performance is limited by its remote geographic location and sometime adverse weather conditions, the province is well endowed with natural resources and has the potential for further economic development in a number of sectors, including hydrocarbons and petrochemicals, forestry, fishing, and tourism. Contact: Gersan Zurita +1-212-908-0318, Ricky Wai +1-212-908-0315, New York; Greg Kabance +1-312-368-2052, Jennifer Conner +1-312-368-2080, Chicago. Media Relations: Matt Burkhard +1-212-908-0540, New York.