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COLLECTIVE ACTION CLAUSES WITH AGGREGATION MECHANISMS

CLEARY GOTTLIEB STEEN & HAMILTON LLP

COLLECTIVE ACTION CLAUSES WITH AGGREGATION MECHANISMS

Contents

Sovereign Examples

Proposals

PROSPECTUS SUPPLEMENT
TO PROSPECTUS DATED APRIL 10, 2003

República Oriental del Uruguay

acting through Banco Central del Uruguay as its Financial Agent

Offer to Exchange

U.S. dollar-denominated 7.875% Bonds due 2003, Euro-denominated 7.00% Notes due 2005, U.S. dollar-denominated New Money Notes due 2006, U.S. dollar-denominated 8.375% Bonds due 2006, U.S. dollar-denominated Debt Conversion Notes due 2007, GBP sterling-denominated Debt Conversion Notes due 2007, U.S. dollar-denominated Convertible Floating Rate Notes due 2007, Chilean peso-denominated 7.00% (UF) Notes due 2007, U.S. dollar-denominated 7.00% Bonds due 2008, U.S. dollar-denominated 7.875% Bonds due 2009, U.S. dollar-denominated 7.25% Bonds due 2009, U.S. dollar-denominated 8.75% Bonds due 2010, Chilean peso-denominated 6.375% (UF) Notes due 2011, Euro-denominated 7.00% Notes due 2011, U.S. dollar-denominated 7.625% Bonds due 2012, U.S. dollar-denominated Collateralized Fixed Rate Notes Series A due 2021, U.S. dollar-denominated Collateralized Fixed Rate Notes Series B due 2021 and U.S. dollar-denominated 7.875% Bonds due 2027

(each, an "Eligible Bond", and collectively, the "Eligible Bonds")

for either

a Maturity Extension Alternative

or

a Benchmark Bond Alternative

in the manner described in this prospectus supplement and involving the issuance of one or more of our

U.S. dollar-denominated 7.875% Bonds due 2008, U.S. dollar-denominated Floating Rate Notes due 2009, U.S. dollar-denominated Floating Rate Notes due 2010, GBP sterling-denominated Floating Rate Notes due 2010, U.S. dollar-denominated 8.375% Bonds due 2011, U.S. dollar-denominated Convertible Floating Rate Notes due 2012, Chilean peso-denominated 7.00% (UF) Notes due 2012, Euro-denominated 7.00% Notes due 2012, U.S. dollar-denominated 7.00% Bonds due 2013, U.S. dollar-denominated 7.875% Bonds due 2014, U.S. dollar-denominated 7.25% Bonds due 2014, U.S. dollar-denominated 8.75% Bonds due 2015, Chilean peso-denominated 6.375% (UF) Notes due 2016, U.S. dollar-denominated 7.625% Bonds due 2017, Euro-denominated 7.00% Notes due 2019

(each, a "Maturity Extension Bond", and collectively the "Maturity Extension Bonds")

and

U.S. dollar-denominated 7.25% Bonds due 2011, U.S. dollar-denominated 7.50% Bonds due 2015 and U.S. dollar-denominated 7.875% PIK Bonds due 2033

(each, a "Benchmark Bond", and collectively, the "Benchmark Bonds", and together with the Maturity Extension Bonds, the "New Bonds")

The aggregate principal amount of all Eligible Bonds currently outstanding is approximately US$3.5 billion.

The New Bonds will be issued pursuant to the trust indenture described in the accompanying prospectus, which contains collective action clauses with provisions regarding future modifications to the terms of debt securities issued under that indenture that differ from those applicable to the Eligible Bonds. Under those provisions, which are described beginning on page 75 of the prospectus and page S-39 of this prospectus supplement, modifications affecting the reserve matters listed in the indenture, including modifications to payment and other important terms, may be made to a single series of debt securities issued under the indenture with the consent of the holders of 75% of the aggregate principal amount outstanding of that series, and to multiple series of debt securities issued under the indenture with the consent of the holders of 85% of the aggregate principal amount outstanding of all affected series and 66-$^2/_3$% in aggregate principal amount outstanding of each affected series.

This prospectus supplement, the accompanying prospectus and the related electronic letter of transmittal are together referred to as the "Offer Materials." Transactions contemplated by the Offer Materials are referred to as the "Offer."

The Internet address for the offer website through which tenders must be submitted electronically is:
https://bondexchange.citigroup.com/uruguay.html

THE OFFER WILL EXPIRE AT 3:00 P.M. (NEW YORK CITY TIME) ON MAY 15, 2003, UNLESS EXTENDED OR EARLIER TERMINATED (THE "EXPIRATION DATE").

Application has been made to list the New Bonds on the Luxembourg Stock Exchange.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the prospectus to which it relates. Any representation to the contrary is a criminal offense.

The dealer manager for the Offer is:

Citigroup

April 10, 2003

Meetings

Uruguay or the trustee at any time may, and upon written request to the trustee by holders of at least 10% of the aggregate principal amount of the debt securities of any series the trustee shall, call a meeting of holders of the debt securities of that series. This meeting will be held at the time and place determined by Uruguay and Banco Central and specified in a notice sent to the holders by the trustee. This notice must be given at least 30 days and not more than 60 days prior to the meeting.

Registered holders holding debt securities representing at least a majority of the aggregate principal amount of the then-outstanding debt securities of a series will constitute a quorum at a meeting of registered holders described above. If there is no quorum, the meeting may be adjourned for a period of at least ten days, and if there is no quorum at the adjourned meeting, it may be further adjourned, provided in each case that notice is given at least five days prior to each date the meeting is to be reconvened. At the reconvening of any meeting that had been adjourned twice, registered holders holding debt securities representing at least 25% of the aggregate principal amount of the then-outstanding debt securities of the series will constitute a quorum.

Modifications

The New Bonds contain collective action clauses with provisions regarding future modifications to the terms of the New Bonds. These clauses are described below.

Any modification, amendment, supplement or waiver to the indenture or the terms and conditions of the debt securities of one or more series may be made or given pursuant to a written action of the holders of the debt securities of that series without the need for a meeting or by vote of the holders of the debt securities of that series taken at a meeting of holders thereof, in each case in accordance with the applicable provisions of the indenture or the debt securities.

Any modification, amendment, supplement or waiver to the terms and conditions of the debt securities of a single series, or to the indenture insofar as it affects the debt securities of a single series, may generally be made, and future compliance therewith may be waived, with the consent of Uruguay and the holders of not less than 66-$^2/_3$% in aggregate principal amount of the debt securities of such series at the time outstanding.

However, special requirements apply with respect to any modification, amendment, supplement or waiver that would:

- change the date for payment of principal or premium of, or any installment of interest on, the debt securities of a series;
- reduce the principal amount or redemption price or premium, if any, payable under the debt securities of a series;
- reduce the portion of the principal amount which is payable in the event of an acceleration of the maturity of the debt securities of a series;
- reduce the interest rate on the debt securities of a series;
- change the currency or place of payment of any amount payable under the debt securities of a series;
- change the obligation of Uruguay to pay additional amounts in respect of the debt securities of a series;
- change the definition of outstanding or the percentage of votes required for the taking of any action pursuant to the modification provisions of the indenture (and the corresponding provisions of the terms and conditions of the debt securities) in respect of the debt securities of a series;
- authorize the trustee, on behalf of all holders of the debt securities of a series, to exchange or substitute all the debt securities of that series for, or convert all the debt securities of that series into, other obligations or securities of Uruguay or any other Person; or
- change the *pari passu* ranking, governing law, submission to jurisdiction or waiver of immunities provisions of the terms and conditions of the debt securities of a series.

We refer to the above subjects as "reserve matters" and to any modification, amendment, supplement or waiver constituting a reserve matter as a "reserve matter modification."

Any reserve matter modification to the terms and conditions of the debt securities of a single series, or to the indenture insofar as it affects the debt securities of a single series, may generally be made, and future compliance therewith may be waived, with the consent of Uruguay and the holders of not less than 75% in aggregate principal amount of the debt securities of such series at the time outstanding.

If Uruguay proposes any reserve matter modification to the terms and conditions of the debt securities of two or more series, or to the indenture insofar as it affects the debt securities of two or more series, in either case as part of a single transaction, Uruguay may elect to proceed pursuant to provisions of the indenture providing that such modifications may be made, and future compliance therewith may be waived, for each affected series if made with the consent of Uruguay and

- the holders of not less than 85% in aggregate principal amount of the outstanding debt securities of *all* series affected by that modification (taken in aggregate), and

- the holders of not less than 66-$^2/_3$% in aggregate principal amount of the outstanding debt securities of *that* series (taken individually).

If any reserve matter modification is sought in the context of a simultaneous offer to exchange the debt securities of one or more series for new debt instruments of Uruguay or any other person, Uruguay shall ensure that the relevant provisions of the affected debt securities, as amended by such modification, are no less favorable to the holders thereof than the provisions of the new instrument being offered in the exchange, or if more than one debt instrument is offered, no less favorable than the new debt instrument issued having the largest aggregate principal amount..

Uruguay agrees that it will not issue new debt securities or reopen any existing series of debt securities with the intention of placing such debt securities with holders expected to support any modification proposed by Uruguay (or that Uruguay plans to propose) for approval pursuant to the modification provisions of the indenture or the terms and conditions of any series of debt securities.

Any modification consented to or approved by the holders of the debt securities of one or more series pursuant to the modification provisions will be conclusive and binding on all holders of the debt securities of that series, whether or not they have given such consent or were present at a meeting of holders at which such action was taken, and on all future holders of the debt securities of that series whether or not notation of such modification is made upon the debt securities of that series. Any instrument given by or on behalf of any holder of a debt security in connection with any consent to or approval of any such modification will be conclusive and binding on all subsequent holders of such debt security.

Before seeking the consent of any holder of a debt security of any series to a reserve matter modification affecting that series, Uruguay shall provide to the trustee (for onward distribution to the holders of the affected debt securities) the following information:

- a description of the economic or financial circumstances that, in Uruguay's view, explain the request for the proposed modification;

- if Uruguay shall at the time have entered into a standby, extended funds or similar program with the International Monetary Fund, a copy of that program (including any related technical memorandum); and

- a description of Uruguay's proposed treatment of its other major creditor groups (including, where appropriate, Paris Club creditors, other bilateral creditors and internal debtholders) in connection with Uruguay's efforts to address the situation giving rise to the requested modification.

For purposes of determining whether the required percentage of holders of the notes has approved any modification, amendment, supplement or waiver or other action or instruction pursuant to the

indenture or, in the case of a meeting, whether sufficient holders are present for quorum purposes, any debt securities owned or controlled, directly or indirectly, by Uruguay or any public sector instrumentality of Uruguay will be disregarded and deemed to be not outstanding. As used in this paragraph, "public sector instrumentality" means Banco Central, any department, ministry or agency of the government of Uruguay or any corporation, trust, financial institution or other entity owned or controlled by the government of Uruguay or any of the foregoing, and "control" means the power, directly or indirectly, through the ownership of voting securities or other ownership interests or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of a corporation, trust, financial institution or other entity. In determining whether the trustee shall be protected in relying upon any modification, amendment, supplement or waiver, or any notice from holders, only debt securities that the trustee knows to be so owned shall be so disregarded. Prior to any vote on a reserve matter modification affecting any series of debt securities, Uruguay shall deliver to the trustee a certificate signed by an authorized representative of Uruguay specifying, for Uruguay and each public sector instrumentality, any debt securities of that series deemed to be not outstanding as described above or, if no debt securities of that series are owned or controlled by Uruguay or any public sector instrumentality, a certificate signed by an authorized representative of Uruguay to this effect.

PROSPECTUS SUPPLEMENT
(to Prospectus Dated December 27, 2004)

The Republic of Argentina

Offers to Owners of
EACH SERIES OF BONDS LISTED IN ANNEX A TO THIS PROSPECTUS SUPPLEMENT
(collectively, the "Eligible Securities")
to exchange Eligible Securities for its
PAR BONDS DUE DECEMBER 2038 ("PARS"),
DISCOUNT BONDS DUE DECEMBER 2033 ("DISCOUNTS"),
QUASI-PAR BONDS DUE DECEMBER 2045 ("QUASI-PARS") AND
GDP-LINKED SECURITIES THAT EXPIRE IN DECEMBER 2035 ("GDP-LINKED SECURITIES")
collectively, the "New Securities," on the terms and conditions described in this prospectus supplement.

The GDP-linked Securities will initially be attached to the Pars, Discounts and Quasi-pars.

The aggregate Eligible Amount (as defined below) of all Eligible Securities currently outstanding is U.S.$81.8 billion, comprising U.S.$79.7 billion of principal and U.S.$2.1 billion of accrued but unpaid interest as of December 31, 2001, based on exchange rates in effect on December 31, 2003.

For a discussion of risk factors which you should consider in evaluating this Offer, see "Risk Factors" beginning on page S-29 of this prospectus supplement and page 18 of the accompanying prospectus.

THE OFFER WILL EXPIRE AT 4:15 P.M. (NEW YORK CITY TIME) ON FEBRUARY 25, 2005, UNLESS EXTENDED OR EARLIER TERMINATED BY ARGENTINA IN ITS SOLE DISCRETION (THE "EXPIRATION DATE"). ONLY LIMITED WITHDRAWAL RIGHTS WILL BE AVAILABLE AND ALL TENDERS WILL BE IRREVOCABLE EXCEPT UNDER CERTAIN CIRCUMSTANCES AS DESCRIBED IN THIS PROSPECTUS SUPPLEMENT.

The New Securities, other than those governed by Argentine law, will contain provisions regarding acceleration and future modifications to their terms that differ from those applicable to substantially all of Argentina's outstanding public external indebtedness. These provisions, which are commonly referred to as "collective action clauses," are described in the sections entitled "Description of the Securities — Default and Acceleration of Maturity" and "Description of the Securities — Modifications" on pages 204 and 206, respectively, of the accompanying prospectus. Under those provisions, modifications affecting certain reserved matters, including modifications to payment and other important terms, may be made to a single series of New Securities, other than those governed by Argentine law, with the consent of the holders of 75% of the aggregate principal amount outstanding of that series, and to multiple series of New Securities with the consent of the holders of 85% of the aggregate principal amount outstanding of all affected series and 66⅔% in aggregate principal amount outstanding of each affected series.

Application has been made to list each series of the Pars, Discounts and GDP-linked Securities on the Luxembourg Stock Exchange, and application will be made to list each series of the New Securities on the Buenos Aires Stock Exchange and on the *Mercado Abierto Electrónico*. Argentina intends to make an application to list each series of U.S. dollar- or euro-denominated Pars, Discounts and GDP-linked Securities on a regulated market organized and managed by *Borsa Italiana S.p.A.*, provided all requirements for such listing are met. See "Plan of Distribution."

This prospectus supplement and the accompanying prospectus may only be used in the United States, Luxembourg and in the jurisdictions in which Argentina and the international joint dealer managers are relying either on exemptions from approval by regulatory authorities or approval of this prospectus supplement and accompanying prospectus on the basis of mutual recognition of the certificate of approval issued by the Luxembourg *Commission de Surveillance du Secteur Financier* (which we refer to as the "CSSF"), together with such additional disclosure required by the regulatory authority in that jurisdiction. Holders of Eligible Securities outside the United States and Luxembourg should carefully read the sections entitled "Global Offering," "Certain Legal Restrictions" and "Jurisdictional Restrictions" in this prospectus supplement to determine if they may rely on this prospectus supplement or participate in the Offer.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the prospectus to which it relates. Any representation to the contrary is a criminal offense.

The international joint dealer managers for the Offer are:

Barclays Capital **Merrill Lynch & Co.** **UBS Investment Bank**

The date of this prospectus supplement is January 10, 2005.

PROSPECTUS

The Republic of Argentina

Debt Securities
Warrants
Units

We may from time to time offer and sell our debt securities, warrants and units in amounts, at prices and on terms to be determined at the time of sale and provided in supplements to this prospectus. We may offer debt securities in exchange for other debt securities or that are convertible into new debt securities. We may offer securities having an aggregate principal amount of up to U.S.$12,625,000,000 in the United States. The securities will be direct, general and unconditional public debt of the Republic of Argentina, or Argentina, and will rank equal in right of payment among themselves and with all other unsecured and unsubordinated public debt of Argentina.

We may sell the securities directly, through agents designated from time to time or through underwriters or dealers. If any agents of Argentina or any underwriters are involved in the sale of securities, we will include the names of those agents or underwriters and any commissions or discounts they may receive in the applicable prospectus supplement.

This prospectus may not be used to make offers or sales of securities unless accompanied by a prospectus supplement. You should read this prospectus and any supplements carefully. You should not assume that the information in this prospectus, any prospectus supplement or any document incorporated by reference in them is accurate as of any date other than the date on the front of those documents.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is December 27, 2004.

Meetings

Argentina may at any time ask for written consents from or call a meeting of the holders of the debt securities of any series at any time to make, give or take any modification (as defined below) to the terms and conditions of the debt securities of that series. This meeting will be held at the time and place determined by Argentina and specified in a notice of the meeting furnished to the affected holders. This notice must be given at least 30 days and not more than 60 days prior to the date fixed for the meeting. In addition, the trustee may at any time call a meeting of holders of the debt securities of any series for any purpose. The meeting will be held at the time and place determined by the trustee and specified in a notice of the meeting provided to the affected holders at least 30 days and not more than 60 days prior to the date of the meeting.

If, upon the occurrence of an event of default, the holders of at least 10% of the aggregate principal amount of the then outstanding debt securities of any series ask the trustee to call a meeting of the holders of the debt securities of that series for any purpose, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, the trustee will call the meeting for that purpose. The meeting will be held at the time and place determined by the trustee, and specified in a notice to the affected holders. This notice must be given at least 30 days and not more than 60 days prior to the meeting.

Only holders of outstanding debt securities of the relevant series or persons duly appointed in writing as their proxies are entitled to vote at any meeting. At any meeting, other than a meeting to discuss a reserved matter (as defined below), holders or proxies representing a majority in aggregate principal

amount of the outstanding debt securities of the series will constitute a quorum. At the reconvening of any meeting adjourned for a lack of a quorum, the holders or proxies representing 25% in aggregate principal amount of the outstanding debt securities of the series will constitute a quorum for the taking of any action set forth in the notice of the original meeting. At any meeting held to discuss a reserved matter, holders or proxies representing 75% in aggregate principal amount of the outstanding debt securities of the series will constitute a quorum. The trustee may make any reasonable and customary regulations, as it deems advisable for any meeting with respect to:

- the proof of the holding of debt securities;
- the appointment of proxies by the holders;
- the record date for determining the registered holders who are entitled to vote; and
- other matters concerning the conduct of the meeting as the trustee deems appropriate.

Modifications

Any modification, amendment, supplement or waiver to the indenture or the terms and conditions of the debt securities of one or more series may be made or given pursuant to a written action of the holders of the debt securities of that series without the need for a meeting or by vote of the holders of the debt securities of that series taken at a meeting of holders thereof, in each case in accordance with the applicable provisions of the indenture or the debt securities.

Any modification, amendment, supplement or waiver to the terms and conditions of the debt securities of a single series, or to the indenture insofar as it affects the debt securities of a single series, may generally be made, and future compliance therewith may be waived, with the consent of Argentina and the holders of not less than 66⅔% in aggregate principal amount of the debt securities of such series at the time outstanding.

However, special requirements apply with respect to any modification, amendment, supplement or waiver that would:

- change the due date for the payment of the principal of (or premium, if any) or any installment of interest on the debt securities of a series;
- reduce the principal amount of the debt securities of a series, the portion of the principal amount which is payable upon acceleration of the maturity of the debt securities of a series, the interest rate of the debt securities of a series, or the premium payable upon redemption of the debt securities of a series;
- change the coin or currency of payment of any amount payable under the debt securities of a series;
- shorten the period during which Argentina is not permitted to redeem the debt securities of a series, or permit Argentina to redeem the debt securities of a series if Argentina had been permitted to do so prior;
- change the definition of outstanding or the percentage of votes required for the taking of any action pursuant to the modification provisions of the indenture (and the corresponding provisions of the terms and conditions of the debt securities) in respect of the debt securities of a series;
- change the obligation of Argentina to pay additional amounts with respect to the debt securities of a series;
- change the governing law provision of the debt securities of a series;
- change the courts to the jurisdiction of which Argentina has submitted, Argentina's obligation to appoint and maintain an agent for the service of process in the Borough of Manhattan, The City of New York, or Argentina's waiver of immunity, in respect of actions or proceedings brought by any holder based upon the debts securities of any series;

- in connection with an exchange offer for the debt securities of a series, amend any event of default;
- change the status of the debt securities of any series; or
- authorize the trustee, on behalf of all holders of the debt securities of a series, to exchange or substitute all the debt securities of that series for, or convert all the debts securities of that series into, other obligations or securities of Argentina or any other person.

We refer to the above subjects as "reserve matters" and to any modification, amendment, supplement or waiver constituting a reserve matter as a "reserve matter modification."

Any reserve matter modification to the terms and conditions of the debt securities of a single series, or to the indenture insofar as it affects the debt securities of a single series, may generally be made, and future compliance therewith may be waived, with the consent of Argentina and the holders of not less than 75% in aggregate principal amount of the debt securities of such series at the time outstanding.

If Argentina proposes any reserve matter modification to the terms and conditions of the debt securities of two or more series, or to the indenture insofar as it affects the debt securities of two or more series, in either case as part of a single transaction, Argentina may elect to proceed pursuant to provisions of the indenture providing that such modifications may be made, and future compliance therewith may be waived, for each affected series if made with the consent of Argentina and

- the holders of not less than 85% in aggregate principal amount of the outstanding debt securities of all series that would be affected by that modification (taken in aggregate), and
- the holders of not less than 66⅔% in aggregate principal amount of the outstanding debt securities of *that* series (taken individually).

Any modification consented to or approved by the holders of the debt securities of one or more series pursuant to the modification provisions will be conclusive and binding on all holders of the debt securities of that series, whether or not they have given such consent or were present at a meeting of holders at which such action was taken, and on all future holders of the debt securities of that series whether or not notation of such modification is made upon the debt securities of that series. Any instrument given by or on behalf of any holder of a debt security in connection with any consent to or approval of any such modification will be conclusive and binding on all subsequent holders of such debt security.

Argentina and the trustee may, without the consent of any holder, amend the debt securities of any series or the indenture for the purpose of:

- adding to the covenants of Argentina for the benefit of the holders of the debt securities of that series;
- surrendering any right or power conferred upon Argentina;
- securing the debt securities of that series pursuant to the requirements of the debt securities or otherwise;
- curing any ambiguity, or curing, correcting or supplementing any defective provision of the debt securities of that series; or
- amending the debt securities or the indenture in any manner which Argentina and the trustee may determine not to adversely affect the interest of any holder of the debt securities of that series.

As used in herein, "outstanding" means, in respect of the debt securities of any series, the debt securities of that series authenticated and delivered *except*:

- debt securities of that series previously canceled by the trustee or delivered to the trustee for cancellation or held by the trustee for reissuance but not reissued by the trustee; or
- debt securities of that series that have been called for redemption or that have become due and payable and with respect of which Argentina has satisfied its payment obligations; or

- debt securities of that series in substitution for which other debt securities shall have been authenticated and delivered.

Provided, however, that for purposes of determining whether the required percentage of holders of the notes has approved any modification pursuant to the indenture or, in the case of a meeting, whether sufficient holders are present for quorum purposes, any debt securities owned or controlled, directly or indirectly, by Argentina or any public sector instrumentality of Argentina will be disregarded and deemed to be not outstanding. As used in this paragraph, "public sector instrumentality" means *Banco Central de la República Argentina*, any department, ministry or agency of the government of Argentina or any corporation, trust, financial institution or other entity owned or controlled by the government of Argentina or any of the foregoing, and, with respect to any "public sector instrumentality," "control" means the power, directly or indirectly, through the ownership of voting securities or other ownership interest or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of a corporation, trust, financial institution or other entity.

In determining whether the trustee shall be protected in relying upon any such modification or other action or instruction, only debt securities of a series that the trustee knows to be so owned or controlled will be so disregarded. Prior to any vote in respect of any modification affecting the debt securities of a series, Argentina shall deliver to the trustee a certificate signed by an authorized representative of Argentina specifying any debt securities of that series owned or controlled, directly or indirectly, by Argentina or any public sector instrumentality.

Prescription

The debt securities will become void unless claimed within ten years (in the case of principal) and five years (in the case of interest) from the due date for payment. Interest payments on the debt securities will become void unless claimed within five years from the due date for payment.

Notices

Unless otherwise set forth in the applicable prospectus supplement, notices to the holders of debt securities will be mailed to the addresses of such holders or published in such publications as are set forth in the applicable prospectus supplement. Any such notice shall be deemed to have been given on the date of mailing or, if published, on the first date on which publication is made.

OFFERING MEMORANDUM

The Dominican Republic

OFFER TO EXCHANGE

9.50% AMORTIZING BONDS DUE 2011 FOR ALL OUTSTANDING 9.50% BONDS DUE 2006 **CUSIP Nos. 25714PAA6 and P3579EAA5** **ISIN Nos. US25714PAA66 and USP3579EAA57**	**AND**	**9.04% AMORTIZING BONDS DUE 2018 FOR ALL OUTSTANDING 9.04% BONDS DUE 2013** **CUSIP Nos. 25714PAC2 and P3579EAB3** **ISIN Nos. US25714PAC23 and USP3579EAB31**

AND

SOLICITATION OF CONSENTS TO AMENDMENTS OF OUTSTANDING BONDS AND FISCAL AGENCY AGREEMENTS

The Republic is offering to exchange newly issued 9.50% amortizing bonds due 2011 (the "New 2011 Bonds") for all of its outstanding 9.50% bonds due 2006 (the "2006 Bonds") and newly issued 9.04% amortizing bonds due 2018 (the "New 2018 Bonds") for all of its outstanding 9.04% bonds due 2013 (the "2013 Bonds"). The 2006 Bonds and the 2013 Bonds are together referred to in this offering memorandum as the "Existing Bonds" and the New 2011 Bonds and the New 2018 Bonds are together referred to as the "Exchange Bonds."

The aggregate principal amount of all Existing Bonds outstanding as of the date of this offering memorandum is US$1,100 million.

The Exchange Bonds will be issued pursuant to an indenture that contains collective action clauses with provisions regarding future modifications to the terms of the Exchange Bonds that differ from those applicable to the Existing Bonds. Under these provisions, modifications to reserve matters specified in the indenture, including modifications to payment and other key terms, may be made to either series of Exchange Bonds with the consent of the holders of at least 75% of the aggregate principal amount outstanding of that series, and to both series of Exchange Bonds with the consent of the holders of at least 85% of the aggregate principal amount outstanding of both series of Exchange Bonds and at least 66-2/3% in aggregate principal amount outstanding of each series of Exchange Bonds.

Application has been made to list the Exchange Bonds on the Luxembourg Stock Exchange. The Exchange Bonds offered are expected to be designated as eligible for trading in the Private Offerings, Resales and Trading through Automated Linkages (PORTAL) Market of the National Association of Securities Dealers, Inc.

This offering memorandum and the related specimen of letter of transmittal attached as Annex A hereto are referred to as the "Offer Materials." The transactions contemplated by the Offer Materials are referred to as the "Offer."

The Offer will expire at 4:15 P.M. (New York City time) on May 4, 2005, unless extended or earlier terminated. In this offering memorandum, that date, as so extended, is referred to as the "Expiration Date." Holders of Existing Bonds must tender their Existing Bonds on or prior to the Expiration Date in order to be eligible to participate in the Offer.

The Republic's offer to exchange Exchange Bonds for Existing Bonds is conditioned on receipt by the Expiration Date of tenders of at least 85% in aggregate principal amount of all Existing Bonds, taking into account both series of Existing Bonds, provided that at least a majority of the aggregate principal amount of each series of Existing Bonds tenders Existing Bonds pursuant to the Offer. This minimum tender condition may be waived by the Republic in its sole discretion.

In conjunction with the Offer, the Republic is soliciting consents from holders of Existing Bonds to amend certain terms of the Existing Bonds. See "Terms of the Offer—Exit Consent Amendments to Existing Bonds and Fiscal Agency Agreements" for further information regarding these proposed amendments.

An investment in the Exchange Bonds involves a high degree of risk. You should carefully consider the "Risk Factors" beginning on page 15 of this offering memorandum before you make a decision to tender your Existing Bonds and complete and deliver the letter of transmittal.

The Exchange Bonds have not been registered under the U.S. Securities Act of 1933 or the securities laws of any other jurisdiction. The Exchange Bonds will be offered only to qualified institutional buyers in the United States under Rule 144A of the U.S. Securities Act of 1933 and to persons outside the United States under Regulation S of the Securities Act.

The Republic is not, and the dealer managers are not, making the Offer in any jurisdiction where and to the extent the Offer is not permitted.

The dealer managers for the Offer are:

MORGAN STANLEY **UBS INVESTMENT BANK**

April 20, 2005

Meetings, Amendments and Waivers

The Republic may call a meeting of the holders of the Exchange Bonds of a series at any time regarding the Exchange Bonds of that series or the indenture. The Republic will determine the time and place of the meeting and will notify the holders of the time, place and purpose of the meeting not less than 30 and not more than 60 days before the meeting.

In addition, the trustee will call a meeting of the holders of the Exchange Bonds of a series if the holders of not less than 10% of the aggregate principal amount of the outstanding Exchange Bonds of that series have delivered a written request to the trustee setting forth the action they propose to take. The trustee will notify the holders of the affected series of the time, place and purpose of any meeting called by the holders not less than 30 and not more than 60 days before the meeting.

Only holders and their proxies are entitled to vote at a meeting of holders. Holders or proxies representing a majority of the aggregate principal amount of the outstanding Exchange Bonds of a series will normally constitute a quorum. However, if a meeting is adjourned for a lack of a quorum, then holders or proxies representing not less than 25% of the aggregate principal amount of the outstanding Exchange Bonds of that series will constitute a quorum when the meeting is rescheduled. In the absence of a quorum, a meeting may be adjourned for a period of not less than 10 days. Notice of the reconvening of any meeting need be given only once, but must be given not less than 10 days and not more than 20 days prior to the reconvened meeting. For purposes of a meeting of holders that proposes to discuss "reserved matters" (specified below), holders or proxies representing not less than 75% of the aggregate principal amount of the outstanding Exchange Bonds of the affected series (66 2/3% of the aggregate principal amount of the outstanding Exchange Bonds of each series in the case of reserved matters with respect to both series) will constitute a quorum. The trustee will set the procedures governing the conduct of any meeting.

The Republic, the trustee and the holders may generally modify or take actions with respect to the terms of the Exchange Bonds of a series or the indenture insofar as it affects the Exchange Bonds of that series:

- with the affirmative vote of the holders of not less than 66 2/3% of the aggregate principal amount of the outstanding Exchange Bonds of that series that are represented at a duly called and held meeting; or

- with the written consent of the holders of not less than 66 2/3% of the aggregate principal amount of the outstanding Exchange Bonds of that series (without the need for a meeting of holders or a vote of such holders at a meeting).

However, special requirements apply with respect to any amendment, modification, change or waiver with respect to the Exchange Bonds of a series or the indenture insofar as it affects the Exchange Bonds of that series that would:

- change the due date or dates for the payment of principal of, or interest on, the Exchange Bonds of that series;

- reduce the principal amount of the Exchange Bonds of that series;

- reduce the principal amount of the Exchange Bonds of that series that is payable upon acceleration of the maturity date;

- reduce the interest rate applicable to the Exchange Bonds of that series;

- change the currency in which any amount in respect of the Exchange Bonds of that series is payable or the place or places in which such payment is to be made;

- reduce the percentage of the aggregate principal amount of the outstanding Exchange Bonds of that series held by holders whose vote or consent is needed to modify, amend or supplement the terms and conditions of the Exchange Bonds of that series or the indenture or to make, take or give any request, demand, authorization, direction, notice, consent, waiver or other action;

- change the definition of "outstanding" with respect to the Exchange Bonds of that series;

- change the Republic's obligation to pay any additional amounts in respect of the Exchange Bonds of that series as set forth under "—Additional Amounts;"

- change the governing law provision of the Exchange Bonds of that series;

- change the courts of the jurisdiction of which the Republic has submitted, the Republic's obligation to appoint and maintain an agent for the service of process in New York City or the Republic's agreement not to claim, and to waive irrevocably, immunity (sovereign or otherwise) in respect of any suit, actions or proceedings arising out of or relating to the indenture or to the Exchange Bonds of that series;

- in connection with an exchange offer for, or offer to acquire all or any portion of, the Exchange Bonds of that series, amend any event of default under the Exchange Bonds of that series; or

- change the ranking of the Exchange Bonds of that series, as described under "—Ranking."

The above-listed matters are "reserved matters" and any amendment, modification, change or waiver with respect to a reserved matter is a "reserved matter modification." A reserved matter modification, including a change to the payment terms of the Exchange Bonds of a series, may be made without a holder's consent, as long as the requisite supermajority of the holders (set forth below) agrees to the reserved matter modification.

Any reserved matter modification to the terms of the Exchange Bonds of a series or to the indenture insofar as it affects the Exchange Bonds of that series may generally be made, and future compliance therewith may be waived, with the consent of the holders of not less than 75% in aggregate principal amount of the Exchange Bonds of that series at the time outstanding.

If the Republic proposes any reserved matter modification to the terms of the Exchange Bonds of both series or to the indenture insofar as it affects the Exchange Bonds of both series, in either case as part of a single transaction, the Republic may elect to proceed pursuant to provisions of the indenture providing that such reserved matter modifications may be made, and future compliance therewith may be waived, for any affected series if made with the consent of the Republic and:

- holders of not less than 85% in aggregate principal amount of the outstanding Exchange Bonds of both series affected by that reserved matter modification (taken in aggregate); and

- holders of not less than 66 2/3% in aggregate principal amount of the outstanding Exchange Bonds of each series (taken separately).

If any reserved matter modification is sought in the context of a simultaneous offer to exchange the Exchange Bonds of one or both series for new debt securities of the Republic or of any other Person, the Republic will ensure that the relevant provisions of the affected Exchange Bonds, as amended by such reserved matter modification, are no less favorable to the holders thereof than the provisions of the new debt security being offered in the exchange, or, if more than one debt security is so offered, no less favorable than the new debt security issued having the largest aggregate principal amount.

The Republic agrees that it will not issue new Exchange Bonds of a series or reopen any existing series of Exchange Bonds with the intention of placing Exchange Bonds of that series with holders expected to support any modification proposed or to be proposed by the Republic for approval pursuant to the modification provisions of the indenture or the terms of any series of Exchange Bonds.

Any modification consented to or approved by the holders of the Exchange Bonds of one or both series pursuant to the above provisions will be conclusive and binding on all holders of the Exchange Bonds of such series (whether or not such holders have given such consent or were present at a meeting of holders at which such action was taken) and on all future holders of the Exchange Bonds of such series (whether or not notation of such modification is made upon the Exchange Bonds of such series). Any instrument given by or on behalf of any holder of an Exchange Bond in connection with any consent to or approval of any such modification will be conclusive and binding on all subsequent holders of that Exchange Bond.

The Republic and the trustee may, without the vote or consent of any holder of the Exchange Bonds of that series, modify, amend or supplement the Exchange Bonds of that series or the indenture insofar as it affects Exchange Bonds of that series for any of the following purposes:

- to add to the Republic's covenants for the benefit of the holders of the Exchange Bonds of that series;
- to surrender any of the Republic's rights or powers;
- to provide security or collateral for the Exchange Bonds of that series;
- to cure any ambiguity or correct or supplement any defective provision contained in the Exchange Bonds of that series or the indenture; or
- to change the terms and conditions of the Exchange Bonds of that series or the indenture in any manner which the Republic and the trustee may determine, so long as any such change does not, and will not, adversely affect the interests of the holders of the Exchange Bonds of that series.

For purposes of determining whether the required percentage or percentages of holders of the Exchange Bonds of one or both series are present at a meeting of holders for quorum purposes or have approved any amendment, modification or change to, or waiver of, the Exchange Bonds of a series or the indenture insofar as it affects Exchange Bonds of that series, or whether the required percentage or percentages of holders have delivered a written notice of acceleration of the Exchange Bonds of that series, any Exchange Bonds of that series owned, directly or indirectly, by or on behalf of the Republic or any public sector instrumentality of the Republic will be disregarded and deemed not to be "outstanding," except that in determining whether the trustee will be protected in relying upon any amendment, modification, change or waiver, or any notice from holders, only Exchange Bonds of that series that the trustee knows to be so owned will be so disregarded.

As used in the preceding paragraph, "public sector instrumentality" means the Central Bank of the Republic, any department, ministry or agency of the Republic or any corporation, trust, financial institution or other entity owned or controlled by the Republic or any of the foregoing. The term "control" means, in turn, the power, directly or indirectly, through the ownership of voting securities or other ownership interests, to direct the management of, or elect or appoint a majority of, the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of a corporation, trust, financial institution or other entity.

Prior to any vote or consent on a reserved matter modification affecting any series of Exchange Bonds, the Republic will deliver to the trustee a certificate signed by an authorized representative of the Republic specifying, for the Republic and each relevant public sector instrumentality, any Exchange Bonds of that series deemed to not be outstanding as described above or, if no Exchange Bonds of that series are owned or controlled by the Republic or any public sector instrumentality, a certificate signed by an authorized representative of the Republic to that effect.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice as soon as possible from your stockbroker, bank, accountant, fund manager or other appropriate independent financial adviser. Questions about this document should be directed to the information agent identified below.

Copies of this document shall not be furnished or transferred for any purpose unless permitted by applicable law, further details of which are set out under "Jurisdictional Restrictions."

The Republic of Argentina

Invites the Owners of each Series of Bonds listed in Annexes A-1 and A-2 and related claims (collectively, the "Eligible Securities") to submit offers to exchange Eligible Securities for New Securities and, in certain cases, cash, on the terms and conditions described herein. The aggregate Eligible Amount (as defined herein) of all Pre-2005 Eligible Securities (as defined herein) currently outstanding is U.S.$18.3 billion, comprising U.S.$17.6 billion of principal and U.S.$0.7 billion of accrued but unpaid interest as of December 31, 2001, based on currency exchange rates in effect on December 31, 2003.

The Invitation will expire at 5:00 P.M. (New York City time) on June 7, 2010, unless extended or earlier terminated by Argentina (such date and time, as the same may be extended, the "Expiration Date").

Large Holders (as defined herein) electing the Discount Option (as defined herein) who validly tender their Eligible Securities (1) by no later than 5:00 P.M. (New York City time) on May 12, 2010, unless extended (such date and time, as the same may be extended, the "Early Tender Deadline") will be eligible to receive the Total Consideration (as defined herein), or (2) after the Early Tender Deadline but on or prior to the Expiration Date, will be eligible to receive the Consideration (as defined herein). Small Holders (as defined herein) will be eligible to receive the Total Consideration even if their tenders are received after the Early Tender Deadline, so long as they validly tender their Eligible Securities on or prior to the Expiration Date.

All tenders will be irrevocable and may not be withdrawn except under certain limited circumstances as described in this document.

You should read the whole of this document and any documents incorporated herein by reference. In particular, your attention is drawn to the section entitled "Risk Factors" in this document, which contains a discussion of certain factors that should be considered by a holder of Eligible Securities when considering whether or not to participate in the Invitation.

This document (including the documents incorporated by reference herein) constitutes a prospectus (the "Prospectus") within the meaning of article 5 of European Union Directive 2003/71/EC (the "Prospectus Directive"). The Luxembourg *Commission de Surveillance du Secteur Financier* (which we refer to as the "CSSF") has approved this Prospectus in compliance with the Prospectus Directive. Argentina has, in accordance with the passporting provisions of the Prospectus Directive, requested the CSSF to provide a certificate of approval and a copy of this Prospectus, together with a translation of the summary, if applicable, to the *Österreichische Finanzmarktaufsicht*, being the relevant competent authority in Austria, the *Bundesanstalt für Finanzdienstleistungsaufsicht*, being the relevant competent authority in Germany, the *Stichting Autoriteit Financiële Markten*, being the relevant competent authority in the Netherlands, the *Comisión Nacional del Mercado de Valores*, being the relevant competent authority in Spain, and the *Financial Services Authority*, being the relevant competent authority in the United Kingdom.

The Invitation is being made to holders of Eligible Securities in Austria, Germany, Italy, Luxembourg, the Netherlands, Spain and the United Kingdom (the "EU Approved Offering Countries") and in the United States, Argentina and Switzerland (which together with the EU Approved Offering Countries, are referred to as the "Approved Offering Countries"). In Italy, the Invitation will be made only pursuant to an authorization granted by the *Commissione Nazionale per le Società e la Borsa* ("CONSOB") to publish an offer document pursuant to Article 102 of Legislative Decree No. 58 of February 24, 1998. Outside of the Approved Offering Countries, the Invitation is being made only to persons to whom this Prospectus lawfully may be sent and to whom the Invitation lawfully may be made pursuant to other applicable exemptions from the requirement to produce a prospectus under applicable securities laws. To determine if they may review this Prospectus or participate in the Invitation, holders of Eligible Securities outside the Approved Offering Countries should carefully read the sections entitled "Global Offering" and "Jurisdictional Restrictions."

(cover continues on next page)

Global Coordinator

Barclays Capital

International Joint Dealer Managers

Barclays Capital **Citi** **Deutsche Bank Securities**

April 27, 2010.

PROSPECTUS

The Republic of Argentina

Debt Securities
Warrants
Units

We may from time to time offer and sell (or permit certain security holders named in the applicable prospectus supplement to offer and sell) our debt securities, warrants and units in amounts, at prices and on terms to be determined at the time of sale and provided in supplements to this prospectus. Such offers may include debt securities in exchange for other debt securities or that are convertible into new debt securities. Securities having an aggregate principal amount of up to U.S.$15,000,000,000 may be offered in the United States. The debt securities will be direct, general and unconditional public debt of the Republic of Argentina, or Argentina, and will rank equal in right of payment among themselves and with all other unsecured and unsubordinated public debt of Argentina. The warrants will be direct, unconditional and unsecured obligations of Argentina and will not constitute indebtedness of Argentina.

Sales of the securities may be made directly, through agents designated from time to time or through underwriters or dealers. If any agents of Argentina or any underwriters are involved in the sale of securities, we will include the names of those agents or underwriters and any commissions or discounts they may receive in the applicable prospectus supplement.

This prospectus may not be used to make offers or sales of securities unless accompanied by a prospectus supplement. You should read this prospectus and any supplements carefully. You should not assume that the information in this prospectus, any prospectus supplement or any document incorporated by reference in them is accurate as of any date other than the date on the front of those documents.

For a discussion of risk factors, please see "Risk Factors" beginning on page 7 of this prospectus.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is April 13, 2010.

Meetings

Argentina may at any time ask for written consents from or call a meeting of the holders of the debt securities of any series at any time to make, give or take any modification (as defined below) to the terms and conditions of the debt securities of that series. This meeting will be held at the time and place determined by Argentina and specified in a notice of the meeting furnished to the affected holders. This notice must be given at least 30 days and not more than 60 days prior to the date fixed for the meeting. In addition, the trustee may at any time call a meeting of holders of the debt securities of any series for any purpose. The meeting will be held at the time and place determined by the trustee and specified in a notice of the meeting provided to the affected holders at least 30 days and not more than 60 days prior to the date of the meeting.

If, upon the occurrence of an event of default, the holders of at least 10% of the aggregate principal amount of the then outstanding debt securities of any series ask the trustee to call a meeting of the holders of the debt securities of that series for any purpose, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, the trustee will call the meeting for that purpose. The meeting will be held at the time and place determined by the trustee, and specified in a notice to the affected holders. This notice must be given at least 30 days and not more than 60 days prior to the meeting.

Only holders of outstanding debt securities of the relevant series or persons duly appointed in writing as their proxies are entitled to vote at any meeting. At any meeting, other than a meeting to discuss a reserved matter (as defined below), holders or proxies representing a majority in aggregate principal amount of the outstanding debt securities of the series will constitute a quorum. At the reconvening of any meeting adjourned for a lack of a quorum, the holders or proxies representing 25% in aggregate principal amount of the outstanding debt securities of the series will constitute a quorum for the taking of any action set forth in the notice of the original meeting. At any meeting held to discuss a reserved matter, holders or proxies representing 75% in aggregate principal amount of the outstanding debt securities of the series will constitute a quorum. The trustee may make any reasonable and customary regulations that it deems advisable for any meeting with respect to:

- the proof of the holding of debt securities;
- the appointment of proxies by the holders;
- the record date for determining the registered holders who are entitled to vote; and
- other matters concerning the conduct of the meeting as the trustee deems appropriate.

Collective Action Clauses

The debt securities, other than those governed by Argentine law, will contain provisions regarding acceleration (if applicable) and future modifications to their terms. These provisions, which are commonly referred to as "collective action clauses," are described in this "Collective Action Clauses" section. Under those provisions, modifications affecting certain reserved matters, including modifications to payment and other important terms, may

be made to a single series of debt securities, other than those governed by Argentine law, with the consent of the holders of 85% of the aggregate principal or notional amount outstanding of all affected series and $66^2/_3$% in aggregate principal or notional amount outstanding of each affected series." In addition, under certain circumstances, the holders of more than 50% of the aggregate principal amount of the outstanding debt securities of any series may waive any existing defaults, and rescind or annul any notice of acceleration, on behalf of all holders of the debt securities of that series.

Waiver of Default and Acceleration of Maturity

The holders of more than 50% of the aggregate principal amount of the outstanding debt securities of any series may waive any existing defaults, and rescind or annul any notice of acceleration, on behalf of all holders of the debt securities of that series if:

- following the declaration that the debt securities of that series are immediately due and payable, Argentina deposits with the trustee a sum sufficient to pay all overdue installments of principal, interest and other amounts in respect of the debt securities of that series (with interest on overdue amounts of interest, to the extent permitted by law, and on the principal of each of the debt securities of that series at the applicable rate of interest, to the date of the payment or interest) as well as the reasonable fees and compensation of the trustee; and

- all other events of default have been remedied.

Modifications

Any modification, amendment, supplement or waiver to the indenture or the terms and conditions of the debt securities of one or more series may be made or given pursuant to a written action of the holders of the debt securities of that series without the need for a meeting or by vote of the holders of the debt securities of that series taken at a meeting of holders thereof, in each case in accordance with the applicable provisions of the indenture or the debt securities.

Any modification, amendment, supplement or waiver to the terms and conditions of the debt securities of a single series, or to the indenture insofar as it affects the debt securities of a single series, may generally be made, and future compliance therewith may be waived, with the consent of Argentina and the holders of not less than $66^2/_3$% in aggregate principal amount of the debt securities of such series at the time outstanding.

However, special requirements apply with respect to any modification, amendment, supplement or waiver that would:

- change the due date for the payment of the principal of (or premium, if any) or any installment of interest on the debt securities of a series;

- reduce the principal amount of the debt securities of a series, the portion of the principal amount which is payable upon acceleration of the maturity of the debt securities of a series, the interest rate of the debt securities of a series, or the premium payable upon redemption of the debt securities of a series;

- change the currency of payment of any amount payable under the debt securities of a series;

- shorten the period during which Argentina is not permitted to redeem the debt securities of a series, or permit Argentina to redeem the debt securities of a series if Argentina had not been permitted to do so prior to such action;

- change the definition of "outstanding" or the percentage of votes required for the taking of any action pursuant to the modification provisions of the indenture (and the corresponding provisions of the terms and conditions of the debt securities) in respect of the debt securities of a series;

- change the obligation of Argentina to pay additional amounts with respect to the debt securities of a series;

- change the governing law provision of the debt securities of a series;

- change the courts to the jurisdiction of which Argentina has submitted, Argentina's obligation to appoint and maintain an agent for the service of process in the Borough of Manhattan, The City of New York, or Argentina's waiver of immunity in respect of actions or proceedings brought by any holder based upon the debts securities of any series;

- in connection with an exchange offer for the debt securities of a series, amend any event of default;

- change the status of the debt securities of any series; or

- authorize the trustee, on behalf of all holders of the debt securities of a series, to exchange or substitute all the debt securities of that series for, or convert all the debts securities of that series into, other obligations or securities of Argentina or any other person.

We refer to the above subjects as "reserve matters" and to any modification, amendment, supplement or waiver constituting a reserve matter as a "reserve matter modification."

Any reserve matter modification to the terms and conditions of the debt securities of a single series, or to the indenture insofar as it affects the debt securities of a single series, may generally be made, and future compliance therewith may be waived, with the consent of Argentina and the holders of not less than 75% in aggregate principal amount of the debt securities of such series at the time outstanding.

If Argentina proposes any reserve matter modification to the terms and conditions of the debt securities of two or more series, or to the indenture insofar as it affects the debt securities of two or more series, in either case as part of a single transaction, Argentina may elect to proceed pursuant to provisions of the indenture providing that such modifications may be made, and future compliance therewith may be waived, for each affected series if made with the consent of Argentina and

- the holders of not less than 85% in aggregate principal amount of the outstanding debt securities of all series that would be affected by that modification (taken in aggregate), and

- the holders of not less than $66^{2}/_{3}$% in aggregate principal amount of the outstanding debt securities of that series (taken individually).

Any modification consented to or approved by the holders of the debt securities of one or more series pursuant to the modification provisions will be conclusive and binding on all holders of the debt securities of that series, whether or not they have given such consent or were present at a meeting of holders at which such action was taken, and on all future holders of the debt securities of that series whether or not notation of such modification is made upon the debt securities of that series. Any instrument given by or on behalf of any holder of debt securities in connection with any consent to or approval of any such modification will be conclusive and binding on all subsequent holders of such debt securities.

Argentina and the trustee may, without the consent of any holder, amend the debt securities of any series or the indenture for the purpose of:

- adding to the covenants of Argentina for the benefit of the holders of the debt securities of that series;

- surrendering any right or power conferred upon Argentina;

- securing the debt securities of that series pursuant to the requirements of the debt securities or otherwise;

- curing any ambiguity, or curing, correcting or supplementing any defective provision of the indenture or the debt securities of that series; or

- amending the debt securities or the indenture in any manner which Argentina and the trustee may determine not to adversely affect the interest of any holder of the debt securities of that series.

As used in the indenture, "outstanding" means, in respect of the debt securities of any series, the debt securities of that series authenticated and delivered except:

- debt securities of that series previously canceled by the trustee or delivered to the trustee for cancellation or held by the trustee for reissuance but not reissued by the trustee;

- debt securities of that series that have been called for redemption or that have become due and payable and in respect of which Argentina has satisfied its payment obligations; or

- debt securities of that series in substitution for which other debt securities shall have been authenticated and delivered;

provided, however, that for purposes of determining whether the required percentage of holders of the notes has approved any modification pursuant to the indenture or, in the case of a meeting, whether sufficient holders are present for quorum purposes, any debt securities owned or controlled, directly or indirectly, by Argentina or any public sector instrumentality of Argentina will be disregarded and deemed to be not outstanding. As used in this paragraph, "public sector instrumentality" means *Banco Central de la República Argentina*, any department, ministry or agency of the government of Argentina or any corporation, trust, financial institution or other entity owned or controlled by the government of Argentina or any of the foregoing, and, with respect to any "public sector instrumentality," "control" means the power, directly or indirectly, through the ownership of voting securities or other ownership interest or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of a corporation, trust, financial institution or other entity.

In determining whether the trustee shall be protected in relying upon any such modification or other action or instruction, only debt securities of a series that the trustee knows to be so owned or controlled will be so disregarded. Prior to any vote in respect of any modification affecting the debt securities of a series, Argentina shall deliver to the trustee a certificate signed by an authorized representative of Argentina specifying any debt securities of that series owned or controlled, directly or indirectly, by Argentina or any public sector instrumentality.

Prescription

The debt securities will become void unless claimed within ten years (in the case of principal) and five years (in the case of interest) from the due date for payment, or a shorter period if provided by law.

Notices

Unless otherwise specified in the applicable prospectus supplement, notices to the holders of debt securities will be mailed to the addresses of such holders or published in such publications as are set forth in the applicable prospectus supplement. Any such notice shall be deemed to have been given on the date of mailing or, if published, on the first date on which publication is made.

International
Capital
Market
Association

ICMA

23 November, 2010

ICMA SOVEREIGN BOND CONSULTATION PAPER

For members of ICMA

INTRODUCTION

Objectives of the consultation

1 ICMA's primary objective is to support the creation of orderly and well-functioning international capital markets. In line with ICMA's mission, this involves setting standards of best market practice, including on practical and technical features of market documentation.

2 Transparency has always been one of the fundamental pillars of the international capital markets. The purpose of ICMA's Sovereign Bond Consultation Paper is to promote improvements in the standards of transparency relating to the issuance of sovereign bonds sold to investors internationally, and to propose standards of best market practice relating to their contractual terms and conditions. If sovereign issuers deviate from the standards of best market practice, it is proposed that this should be disclosed.

3 The Consultation Paper addresses all sovereign issuance, both inside and outside the euro area. The proposals in the paper are, for example, designed to be complementary to any future crisis resolution mechanism agreed at European Union level, so that they incorporate processes and procedures in the event of an orderly reorganisation.

4 The proposals in the Consultation Paper are set out as a basis for discussion with ICMA's members. Taking account of comments received by 17 December 2010, ICMA plans to develop rules and recommendations in consultation with its members so as to set standards of best market practice in the sovereign bond markets.

Why are we taking this initiative now?

5 Experience in the past two years has brought to light deficiencies in market documentation, and the sovereign bond markets have come under increasing scrutiny, particularly in the past six months. There are two main reasons why.

6 First, the market has evolved. As a result of the launch of the euro, for example, the distinction between domestic and international issuance of bonds by sovereign issuers in the euro area has become blurred. All euro-area sovereign issuance, whether it is auctioned or launched as a syndicated public bond, is now effectively sold to investors not just within but also outside the issuer's own country. The intention is to standardise covenants and procedures across all sovereign issuance as far as possible, regardless of the original method by which the bonds may have been distributed or the nationality of the investors.

7 Second, in response to the sovereign debt crisis, investors have paid increasing attention to the fact that sovereign bonds are not risk-free, and the credit quality of each

sovereign issuer is different. Consequently they want to know more about the contractual terms and conditions of individual sovereign issues. For example, earlier during the sovereign debt crisis, it appears that some investors did not know whether the sovereign bonds they had bought were issued under national law or under foreign law and the implications for their holdings; and that they were not familiar with the specific rights afforded to them as bondholders.

8 One of the reasons for this is that the full contractual terms and conditions of sovereign bond issues are not all easily available, especially in the case of issuance governed by national law. In the European Economic Area, for example, sovereign issuers are exempt from the terms of the EU Prospectus Directive. As a result, the contractual terms and conditions of individual sovereign issues are not always published; or may not be published in English (ie the language of the international capital markets); or many of the important rights of investors may be incorporated in the national law of the issuing sovereign concerned, which may not be readily available nor easily understood by international investors. Although some sovereign issuers make information widely available in English (eg on their websites), this is not so in all cases.

What improvements can be made?

9 First, all sovereign issuers should consistently be fully transparent about the contractual terms and conditions which apply to their bonds by publishing them in full in English in electronic form on a public website until final repayment. Some benchmark sovereign issuers do this already. But all sovereign issuers should consistently do so. Quick progress should be possible in this area.

10 Second, the contractual terms and conditions of sovereign bond issues should as far as possible comply with standards of best market practice. Model "concepts" for these standards are set out in the Consultation Paper, as a basis for discussion. The model concepts cover: disclosure of whether the concepts are followed in the case of a particular issue or not; gross-up for withholding tax; *pari passu* status; negative pledge; events of default and acceleration; purchase of bonds and consequences of ownership; and Collective Action Clauses which can facilitate an orderly process for the amendment of their terms and conditions.

11 The Consultation Paper recognises that, where sovereign issuers currently issue bonds governed by their own national law, as is for example the case with many sovereign issuers of auctioned bonds in the euro area, they may wish to continue to do so. But the Consultation Paper recommends that issuers should ensure that their contractual terms and conditions should comply with model concepts of best market practice, many of which are already used for sovereign issuance under foreign law. When they issue bonds in future, it is also proposed in the Consultation Paper that sovereign issuers should be invited to disclose whether they comply with these principles of best market practice or not.

Is this in the interests of issuers as well as investors?

12 It is clearly in investors' interests to have, in readily accessible form, full information about the contractual terms and conditions of the sovereign bonds in which they invest, and to be clear whether these bonds incorporate terms and conditions that comply with best market practice.

13 But it is also in the interests of sovereign issuers consistently to be fully transparent and comply with best market practice in respect of the terms and conditions of their

entitlement would effectively give the Issuer a free call option because the power to tax, and trigger the gross-up, is within its own hands.) We would welcome views on whether there should be no tax call on gross-up.

Status

29 The Concept relating to status requires *pari passu* treatment for each issue with all other similar issues. For this purpose, the description of what counts as a similar issue includes bonds traded in the international market. We would welcome views on what else should be included in the Concept and, if so, why.

Negative pledge

30 The Concept relating to the negative pledge catches both direct issues and those that are guaranteed. It also catches similar securities. We would welcome views on whether the negative pledge should catch guarantees of issues by others.

Events of default and acceleration

31 The Concepts relating to events of default and acceleration only contemplate non-payment and breach of other obligations as trigger events. They provide for 30 days grace (in the case of breach of other obligations, only if the breach is capable of remedy). On the occurrence of an event of default, the Concepts contemplate that the bonds will be accelerated, but only if 25 per cent of the outstanding principal amount of the issue vote in favour of acceleration. We would welcome views on: whether the Concepts should include grace periods and, if so, how long they should be; on whether acceleration should only be permitted if a given percentage of bondholders vote in favour of such action; and, if so, on whether 25 is the percentage that should be included in the Concepts.

Purchase of bonds and consequences of ownership

32 The Concept relating to purchase by the Issuer of its own bonds prohibits such purchase by the Issuer, the Central Bank or Governmental Agency at any time when a default in the payment of principal or of interest on the bonds has occurred and is continuing. The Concept also contemplates that any bonds bought by, or on behalf of, the Issuer will be disenfranchised, to prevent the Issuer voting in its own favour in any proposal, for example, to extend the maturity of the bonds or to reverse an acceleration of the issue. We would welcome views on whether sovereign issuers should be prevented from repurchasing their bonds in the circumstances described in the Concept; on whether this restriction should bite earlier: for example, when a non-payment is already in the contemplation of the Issuer; and on whether bonds bought by, or on behalf of, the Issuer should be disenfranchised in the circumstances set out in the Concept.[4]

Collective Action

33 Aggregated voting can contribute to more orderly and expeditious debt restructuring because it reduces the risk that a group of hold-out investors can take control of an individual bond issue and vote against a restructuring of that bond, even though the

[4] ICMA is due shortly to publish *Guidance on Buybacks by Government, Government Agency and Supranational Issuers*.

restructuring may be acceptable to a qualified majority of holders of all other bonds. It is contemplated that such a bond amendment could be made with an 85 per cent majority. We would welcome views on: whether creditors should be willing to accept the idea of aggregation of their voting rights with the holders of other bonds that are also subject to a vote; and whether 85 per cent is the appropriate percentage majority for bond amendments of this kind. In addition, we would welcome views on whether aggregation should also be used to accelerate payment or reverse an existing acceleration.

Governing law and jurisdiction

34 The Concept relating to governing law contemplates that the chosen legal system must provide effectively for the submission of the sovereign issuer to its courts (that is, the ability to waive immunity from jurisdiction) and for the enforcement of any judgement that may be awarded by such courts against the assets of the Issuer. As these matters are usually qualified, even in jurisdictions whose law provides the most liberal waiver provisions, the Concept does not require absolute waiver of jurisdiction and agreement to execution, but permits qualifications, provided these are set out in legal opinions that will be provided to the Managers prior to the signing of the Subscription Agreement. The Concept also provides for disclosure, where the chosen legal system is that of the Issuer itself. We would welcome views on: how this proposal would be received by governments that currently enjoy the highest credit status; and whether an alternative would be to say that the governing law should be one customarily chosen to govern bonds issued in the international capital markets.

Explanatory note

35 The Explanatory Note in Annex 1 explains why the Concepts will have a continuing purpose in helping investors in sovereign bonds to understand some of the important legal issues that the Concepts are intended to address. We would welcome views on whether there are any other points that should be covered by the Explanatory Note to ensure that investors in sovereign bonds fully understand the importance of the legal terms of issues they buy; and on whether there are any other considerations that should be included in any of the Concepts.