



ARGENTINA 2002

Buenos Aires, November 26, 2002

Argentina

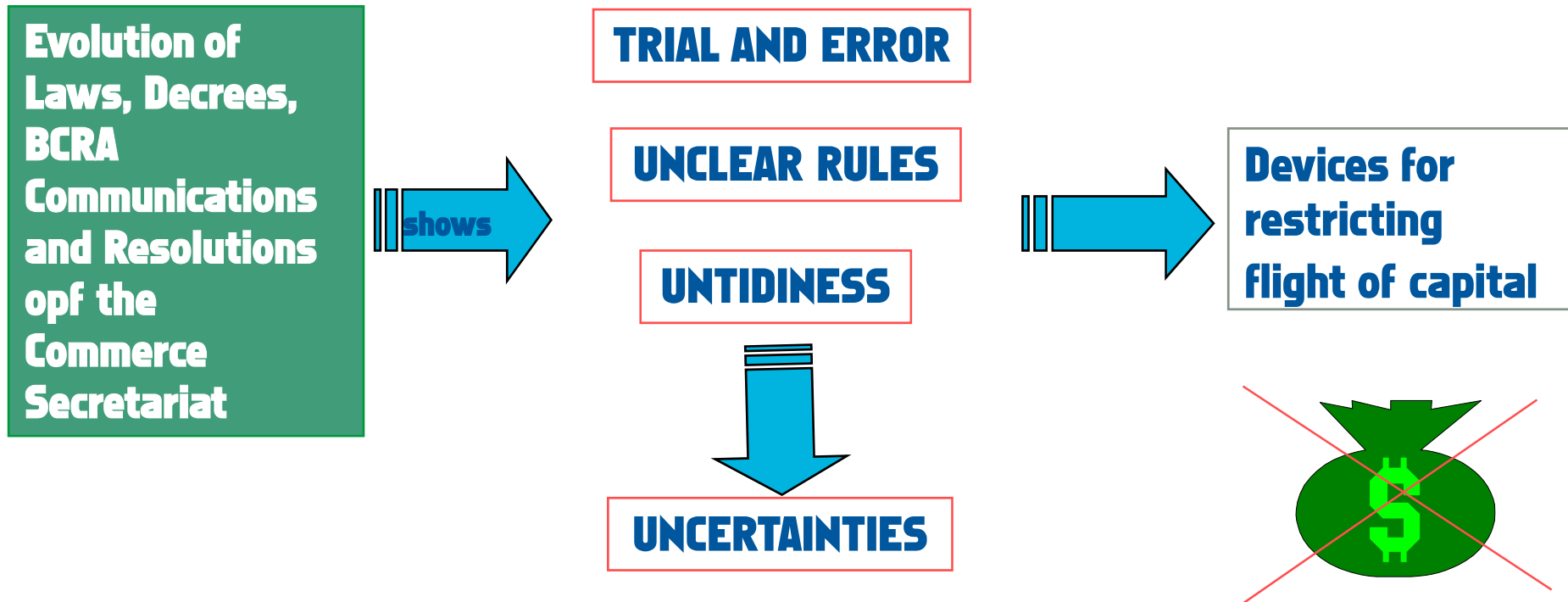
By the end of 2001, the Argentine economy faced one of the worst crisis of its modern history.

We can summarize this with a chart:

What Happened ?



ARGENTINE REGULATIONS - evolution



Public Emergency Law: Evolution

- **Decree 1570/01** Restricts transfers abroad, except for those from Foreign Trade.
- **Decree 1606/01** Reestablishes the obligation of inflow of foreign currency
- **Resol. SC270/01** Establishes minimum payment terms
- **Resol. SC269/01** Establishes maximum term for the inflow of foreign currency

Main consequences of the Devaluation :

On Balance Sheets

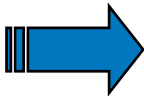
Assets

- **Peso receivables were diluted in dollar terms**
- **Government bonds defaulted**
- **Private bonds defaulted**
- **Fixed Assets were diluted in dollar terms**
- **Tax losses carryforwards:exposed to dilution (inflation)**

Liabilities

- **Peso debts were diluted in dollar terms**
- **Dollar debts (under Argentine Law):pesified + CER (Peso conversion)**
- **Dollar debts (under foreign law) :remain in dollar**

PN



- **Valuation of assets**
- **Adjustment for inflation**
- **Negative net worth**

Main consequences of the Devaluation

On P&L

Exports

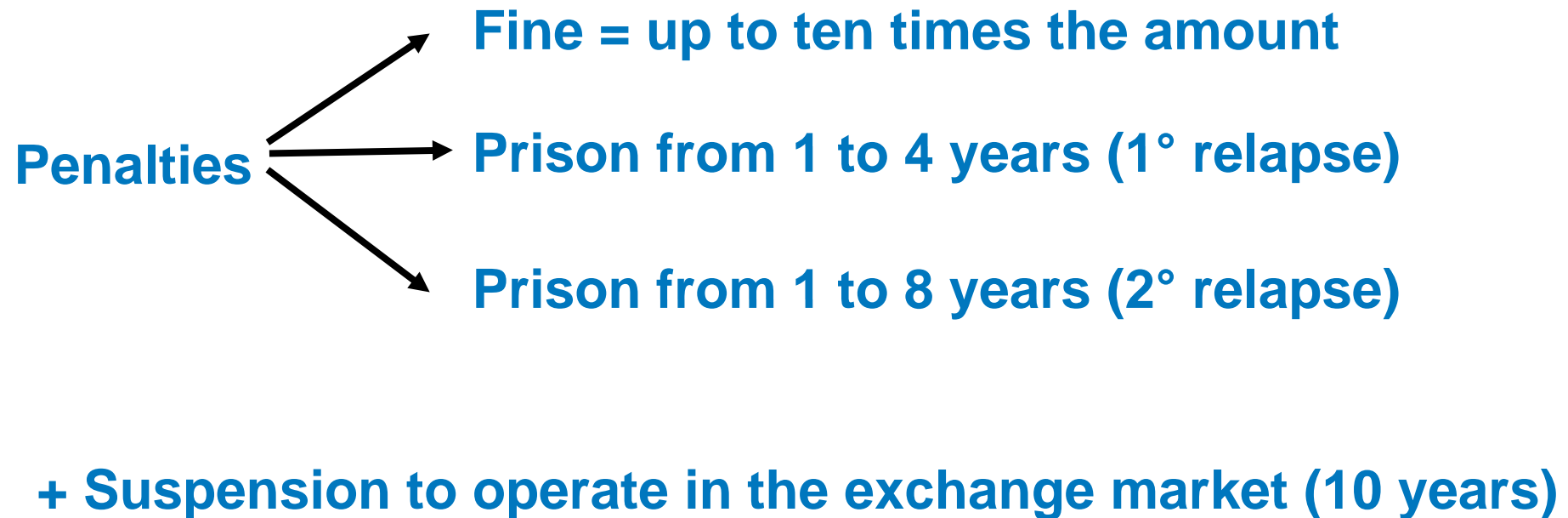
- **Improved revenues in Pesos**
- **Most debts are in real dollars**

Domestic

- **Lower volume of sales (recession)**
- **Lower margins**

CRIMINAL ISSUES

- **Every foreign currency transaction without intervention of an authorized entity**
- **Operate in the exchange market without authorization**
- **Untrue statement related to exchange transactions**
- **Omission to rectify statements or adjustments if the real transaction was different from the one being reported**
- **Operation made per quantity, currency, quotation or terms different to those established by the rules**
- **Every act or omission breaching exchange regulations**



Currency destruction due to abundance of means of payment

Treasury bonds operating as currency

| Jurisdicciones que han emitido bonos | Bono Provincial |
|--------------------------------------|---|
| Buenos Aires | Patacón (serie A y B), Bocanoba y Bocanoba II |
| Capital Federal | Porteño |
| Catamarca | Bono Público |
| Córdoba | Lecop Córdoba (denominado LeCor) |
| Corrientes | Ce.Ca.Cor. |
| Chaco | Quebracho |
| Entre Ríos | Federal |
| Formosa | Bocan-For |
| La Rioja | Bocade series A y B |
| Mendoza | Petrom |
| Misiones | CeMis |
| Nación Argentina | Lecop |
| Tucumán | Independencia Argentina y Bocade |

Provincial Bonds

Aconcagua

Becor

Río Negro

Bosafi

Boso

Cedepir

Cemis

Form

Formosa

Neuquén

San Juan

Salteño

Tucu2

Tucu3

Tucu5

Municipal Bonds

Hurlingham

Ituzaingo

J.C.Paz

Malvinas

Moron

Munitucu

Resistencia