



国家开发银行股份有限公司安徽省分行

To: **Ministerio de Hacienda y Finanzas (formerly known as the Ministerio de Economía y Finanzas Públicas) de la República Argentina**
on behalf of the **Republic of Argentina** as Borrower

Address: Secretaría de Política Económica
Hipólito Yrigoyen 250, piso 8, oficina 834, CP(1310)
Ciudad Autónoma de Buenos Aires - Argentina

Attention: Dirección de Proyectos con Financiamiento Externo Bilateral

CC: Dirección de Administración de la Deuda Pública
Ministerio de Hacienda y Finanzas
Hipólito Yrigoyen 250, piso 10, oficina 1001
(C1086AAB) Ciudad Autónoma de Buenos Aires - Argentina

Copy to: **China Gezhouba Group Company Limited ("CGGC")**

Date: March 10th, 2016

Dear Sirs,

Re: US\$4,714,350,000 Facility Agreement dated 1 August 2014 (as amended by the amendment and waiver letter dated 27 January 2015) in relation to the Kirchner - Cepernic Hydropower Project

We refer to the US\$4,714,350,000 term loan facility in respect of the financing of the Kirchner - Cepernic Hydropower Project (the "**KCHP Project**") pursuant to a facility agreement dated 1 August 2014 (as amended by the amendment and waiver letter dated 27 January 2015, the "**KCHP Facility Agreement**") between, amongst others, the Republic of Argentina acting through the Ministry of Treasury and Finances (formerly known as the Ministry of Economy and Public Finances) as borrower (the "**Borrower**") and China Development Bank Corporation, Bank of China Limited and Industrial and Commercial Bank of China Limited as lenders (the "**Lenders**"). Unless otherwise defined, terms defined in the KCHP Facility Agreement shall have the same meaning in this Letter.

We understand that on-going discussions are being held between the Ministry of Energy and Minerals (who we understand will act as the Project Owner of the KCHP Project following



changes in the ministry laws of Argentina) and Commercial Contractor in respect of the adjustment to the technical plan under the Commercial Contract. As the Mandated Lead Arranger and the Facility Agent of the Facility and the US\$2,099,965,834 buyer credit facility in connection with the Belgrano railway project (the "**Belgrano Project**") pursuant to a facility agreement dated 25 June 2012 and entered into between, among others, the Borrower and us (the "**Belgrano Facility Agreement**"), we would like to draw your attention to the following issues under the terms and conditions of the KCHP Facility Agreement, and request the Borrower to duly perform its relevant obligations under the KCHP Facility Agreement:

Firstly, in accordance with Clause 1 (*Definitions and Interpretation*) of the KCHP Facility Agreement, the Commercial Contract constitutes a Transaction Document under the KCHP Facility Agreement. KCHP Facility Agreement has been concluded by and among the Parties thereto based on such document and any material amendments to the Commercial Contract require the prior consent of the Lenders.

Secondly, in accordance with Clause 18 (*Representation*), Clause 20 (*General Undertakings*) and Clause 21 (*Events of Default*) of the KCHP Facility Agreement, an Event of Default under the KCHP Facility Agreement will occur if: (i) the Borrower or the Project Owner is not in compliance with any applicable laws; (ii) a Project Document is materially amended, suspended, repudiated, terminated or rescinded without the consent of the Lenders, or there is a breach under a Project Document, except where such Project Document is suspended as a result of a force majeure occurring and such suspension lasts for a period no longer than the period in which the force majeure continues; or (iii) the Project Owner suspends or ceases to carry on all or a material part of the Project. As such, any amendment to the Commercial Contract shall be subject to the approval by the Lenders and the subsequent amendments to the Finance Documents shall be subject to the approval by Sinasure, otherwise, CDB, as the Facility Agent may, and shall if so directed by the Majority Lenders, enforce the rights granted under Clause 21.16 of the KCHP Facility Agreement, including among other things, to cancel the Total Commitments and to accelerate the Loans.

Thirdly, the KCHP Project and the Belgrano Project are major projects promoted by the Chinese parties in the same period of time in Argentina and each of the Facility Agreement and the Belgrano Facility Agreement contains "cross default" provisions. Clause 21.5 of the Belgrano Facility Agreement provides that, if the amount in default of the Borrower under the KCHP Facility Agreement exceeds US\$ 25,000,000, a cross default would occur under the Belgrano Facility Agreement, and the Lenders may, pursuant to Clause 21.12 of the Belgrano Facility Agreement, take enforcement actions including, without limitation, cancelling the commitment thereunder and accelerating the loans under the Belgrano Facility Agreement.

Lastly, we understand that following the change of state leadership of the Argentinean Government, the names of the project owner and the Borrower and their respective power and authorization under the KCHP Facility Agreement and the Belgrano Facility Agreement. As such, relevant internal procedures must be completed by the Lenders (as relevant to each facility) for such changes. On 30 December 2015, we issued you a letter requesting the relevant information of the projects, and CDB's working group in Argentina has also contacted you several times to request you to provide the adjustment information in a timely manner, however we have not received any reply from you. We hereby deliver this letter to request you to again coordinate with the project owners of each project to complete the relevant legal procedures required by Argentinean Government as soon as possible and notify



us of the relevant information and deliver the relevant approval documents issued by the Argentinean Government to us as soon as possible.

We wish to emphasize again that the ongoing and successful implementation of the KCHP Project is not only mutually beneficial and a win-win result for both the Chinese and Argentinean parties, but will also lay a foundation for future and deeper economic cooperation between China and Argentina. We sincerely request the Argentinean Government to consider the modifications to the Commercial Contract with due care and the potential impacts that it may have on the KCHP Facility Agreement so as to avoid the Event of Default under the KCHP Facility Agreement and triggering the "cross default" under the Belgrano Facility Agreement, and any material modifications to the Commercial Contract shall be subject to the written consent by the Lenders before they are effected.

All of the potential rights and remedies of the Lenders are hereby reserved.

Thank you for your cooperation.

Yours sincerely,



For and on behalf of
China Development Bank Corporation
as Facility Agent