

## IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS (“QIBs”) (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT, AS AMENDED (THE “SECURITIES ACT”)) OR (2) NON-U.S. PERSONS (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT) OUTSIDE THE U.S.

**IMPORTANT: You must read the following before continuing.** The following applies to the offering memorandum following this page, and you are advised to read this carefully before reading, accessing or making any other use of the offering memorandum. In accessing the offering memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE LAWS OF OTHER JURISDICTIONS. THE OFFERING MEMORANDUM AND THE OFFER OF THE NOTES ARE ONLY ADDRESSED TO AND DIRECTED AT PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA WHO ARE “QUALIFIED INVESTORS” WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE PROSPECTUS DIRECTIVE (DIRECTIVE 2003/71/EC, AS AMENDED) AND RELATED IMPLEMENTATION MEASURES IN MEMBER STATES (“QUALIFIED INVESTORS”). IN ADDITION, IN THE UNITED KINGDOM THE OFFERING MEMORANDUM IS ONLY BEING DISTRIBUTED TO QUALIFIED INVESTORS WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLES 19(5) AND 19(2)(A) TO (D) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AND OTHER PERSONS TO WHOM IT MAY OTHERWISE LAWFULLY BE COMMUNICATED (ALL SUCH PERSONS TOGETHER REFERRED TO AS “RELEVANT PERSONS”). ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFERING MEMORANDUM RELATES IS AVAILABLE ONLY TO (I) IN THE UNITED KINGDOM, RELEVANT PERSONS, AND (II) IN ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA OTHER THAN THE UNITED KINGDOM, QUALIFIED INVESTORS, AND WILL BE ENGAGED IN ONLY WITH SUCH PERSONS. IN ADDITION, NO PERSON MAY COMMUNICATE OR CAUSE TO BE COMMUNICATED ANY INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY, WITHIN THE MEANING OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (THE “FSMA”), RECEIVED BY IT IN CONNECTION WITH THE ISSUE OR SALE OF THE NOTES OTHER THAN IN CIRCUMSTANCES IN WHICH SECTION 21(1) OF THE FSMA DOES NOT APPLY TO US.

THE FOLLOWING OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS OFFERING MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

**Confirmation of your Representation:** In order to be eligible to view this offering memorandum or make an investment decision with respect to the securities, investors must be either (1) QIBs or (2) non-U.S. persons (within the meaning of Regulation S under the Securities Act) outside the U.S. This offering memorandum is being sent at your request and by accepting the e-mail and accessing this offering memorandum, you shall be deemed to have represented to us that (1) you and any customers you represent are either (a) QIBs or (b) non-U.S. persons (within the meaning of Regulation S under the Securities Act) and that the electronic mail address that you gave us and to which this offering

memorandum has been delivered is not located in the U.S., and (2) that you consent to delivery of such offering memorandum by electronic transmission.

You are reminded that this offering memorandum has been delivered to you on the basis that you are a person into whose possession this offering memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver this offering memorandum to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Initial Purchasers or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Initial Purchasers or such affiliate on behalf of the issuer in such jurisdiction.

This offering memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission, and consequently neither the Initial Purchasers, nor any person who controls them nor any of their directors, officers, employees nor any of their agents nor any affiliate of any such person accept any liability or responsibility whatsoever in respect of any difference between this offering memorandum distributed to you in electronic format and the hard copy version available to you on request from the Initial Purchasers.



## The Province of Santa Fe

(A Province of Argentina)

**U.S.\$250,000,000**  
**6.900% Notes Due 2027**

The Province of Santa Fe (the “Province”) is offering U.S.\$250,000,000 aggregate principal amount of its 6.900% notes due 2027 (the “notes”). The Province will pay interest on the notes on May 1 and November 1 of each year, beginning on May 1, 2017. The notes will pay principal in three installments: 33.33% on November 1, 2025, 33.33% on November 1, 2026 and 33.34% on November 1, 2027. The notes will mature on November 1, 2027.

The notes will constitute direct, general, unconditional and unsubordinated obligations of the Province for which the full faith and credit of the Province is pledged. The notes will rank without any preference among themselves and equally with all other future unsubordinated public external indebtedness (as defined below) of the Province. It is understood that this provision will not be construed so as to require the Province to make payments under any series of the notes ratably with payments being made under any other public external indebtedness. See “Description of the Notes—Ranking.”

The notes will be unsecured and will not have the benefit of any collateral.

The notes will contain provisions commonly known as “collective action clauses.” Under these provisions, the Province may amend the payment provisions of any series of debt securities issued under the indenture (including the notes) and other reserved matters listed in the indenture with the consent of the holders of: (i) with respect to a single series of debt securities, more than 75% of the aggregate principal amount of the outstanding debt securities of such series; or (ii) with respect to two or more series of debt securities, more than 66 2/3% of the aggregate principal amount of the outstanding debt securities of all series affected by the proposed modification, taken in the aggregate, and more than 50% of the aggregate principal amount of the outstanding debt securities of each series affected by the proposed modification, taken individually. See “Description of the Notes—Meetings, Amendments and Waivers—Collective Action.”

**Investing in the notes involves risks that are described in the “Risk Factors” section beginning on page 13 of this offering memorandum.**

**Price to investors: 100.000% plus accrued interest, if any, from November 1, 2016**

**The notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) or the securities laws of any other jurisdiction. Unless they are registered, the notes may be offered only in transactions that are exempt from registration under the Securities Act or the securities law of any other jurisdiction. Accordingly, the notes are being offered only to qualified institutional buyers (“QIBs”) pursuant to Rule 144A under the Securities Act and non-U.S. persons outside the United States in reliance on Regulation S of the Securities Act. For further details about eligible offerees and resale restrictions, see “Notice to Investors.”**

Delivery of the notes is expected to be made to investors in book-entry form through the facilities of The Depository Trust Company (“DTC”), for the accounts of its direct and indirect participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System (“Euroclear”) and Clearstream Banking, *société anonyme*, Luxembourg (“Clearstream”), on or about November 1, 2016.

*Global Coordinator and Joint Bookrunner*

**J.P. Morgan**

*Joint Bookrunners*

**Citigroup**

**HSBC**

*Local Manager*

**Mercado Argentino de Valores**

*Local Financial Advisor*

**Nuevo Banco de Santa Fe**

The date of this offering memorandum is October 25, 2016.

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You should rely only on the information contained in this offering memorandum. The Province has not, and the initial purchasers have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. The Province is not, and the initial purchasers are not, making an offer to sell the notes in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this offering memorandum is accurate only as of the date on the front cover of this offering memorandum and may have changed since that date. Neither the delivery of this offering memorandum nor any sale made hereunder will under any circumstances imply that the information herein is correct as of any date subsequent to the date of the cover of this offering memorandum.

The Province is relying on an exemption from registration under the Securities Act for offers and sales of securities that do not involve a public offering. By purchasing notes, you will be deemed to have made the acknowledgements, representations, warranties and agreements described under the section “Notice to Investors” in this offering memorandum. You should understand that you will be required to bear the financial risks of your investment for an indefinite period of time.

This offering memorandum may only be used for the purposes for which it has been provided. This offering memorandum may not be copied or reproduced in whole or in part. It may be distributed and its contents disclosed only to the prospective investors to whom it is provided. By accepting delivery of this offering memorandum, you agree to these restrictions. See “Notice to Investors.”

This offering memorandum is based on information provided by the Province and other sources that the Province believes are reliable. The Province cannot give assurances that the information from other sources is accurate or complete. This offering memorandum summarizes certain documents and other information and the Province refers you to them for a more complete understanding of what the Province discusses in this offering memorandum. In making an investment decision, you must rely on your own examination of the Province and the terms of the offering and the notes, including the merits and risks involved.

After having made all reasonable inquiries, the Province confirms that it accepts responsibility for the information it has provided in this offering memorandum and assumes responsibility for the correct reproduction of the information contained herein.

The Province and the initial purchasers are not making any representation to any purchaser of notes regarding the legality of an investment in the notes by such purchaser under any legal investment or similar laws or regulations. You should not consider any information in this offering memorandum to be legal, business or tax advice. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the notes.

You should contact the initial purchasers with any questions about this offering.

None of the U.S. Securities and Exchange Commission, any U.S. state securities commission or any other regulatory authority has approved or disapproved of the notes or passed upon or endorsed the merits of this offering or the adequacy or accuracy of this offering memorandum. Any representation to the contrary is a criminal offense.

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## ENFORCEMENT OF CIVIL LIABILITIES

The Province is a political subdivision of a sovereign state. Consequently, it may be difficult for investors or a trustee to obtain, or realize in the United States or elsewhere upon, judgments against the Province.

To the fullest extent permitted by applicable law, the Province will irrevocably submit to the exclusive jurisdiction of any New York State or U.S. federal court sitting in the City of New York in the Borough of Manhattan and the courts of Argentina and, in each case, any appellate court thereof (each, a “Specified Court”), in any suit, action or proceeding arising out of or relating to the notes or the Province’s failure or alleged failure to perform any obligations under the notes, and the Province will irrevocably agree that all claims in respect of any such suit, action or proceeding may be heard and determined in such Specified Court. The Province will irrevocably waive, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of any suit, action or proceeding and any objection to any proceeding whether on the grounds of venue, residence or domicile. To the extent that the Province has or hereafter may acquire any sovereign or other immunity from jurisdiction of any Specified Court (or any other court that may have jurisdiction over the Province where a final non-appealable judgment may be enforced by a suit upon such judgment) or from any legal process (whether through service of notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise), the Province will, to the fullest extent permitted under applicable law, including the U.S. Foreign Sovereign Immunities Act of 1976 (the “U.S. Foreign Sovereign Immunities Act”), irrevocably waive such immunity in respect of any such suit, action or proceeding. However, under the U.S. Foreign Sovereign Immunities Act, it may not be possible to enforce in the United States a U.S. judgment against the Province. In addition, under the laws of Argentina, it may not be possible to obtain in Argentina recognition or enforcement of a U.S. Judgment and any attachment or other form of execution (before or after judgment) on the property and revenues of the Province will be subject to the applicable provisions of the *Código Procesal Civil y Comercial de la Nación Argentina*, or the “Argentine Code of Civil and Commercial Procedure,” as approved by Federal Law No. 17,454, as amended by Law No. 22,484 and applicable provisions of the Provincial Civil and Commercial Code (Provincial Law No. 5,531). See “Description of the Notes—Submission to Jurisdiction.”

A judgment obtained against the Province in a foreign court may be enforced in the Supreme Court of Argentina. Based on existing law, the Supreme Court of Argentina will enforce such a judgment in accordance with the terms and conditions of the treaties entered into between Argentina and the country in which the judgment was issued. In the event there are no such treaties, the Supreme Court of Argentina will enforce the judgment if it:

- complies with all formalities required for the enforceability thereof under the laws of the country in which it was issued;
- has been translated into Spanish, together with all related documents, and it satisfies the authentication requirements of the laws of Argentina;
- was issued by a competent court, according to Argentine principles of international law, as a consequence of a personal action (action *in personam*) or a real action (action *in rem*) over a movable property if it has been moved to Argentina during or after the time the trial was held before a foreign court;
- was issued after serving due notice and giving an opportunity to the defendant to present its case;
- is not subject to further appeal;
- is not against Argentine public policy; and
- is not incompatible with another judgment previously or simultaneously issued by an Argentine Court.

In a March 2014 decision, the Supreme Court of Argentina held that the enforcement of a foreign judgment did not satisfy one of the requirements set forth in the Argentine Code of Civil and Commercial Procedure (i.e., that a foreign judgment cannot contravene Argentine law principles of public policy). This ruling was based on the fact that an enforcement as requested by the plaintiff would imply that such plaintiff, through an individual action filed before a foreign court, could circumvent the public debt restructuring process set forth by the federal government through emergency legislation enacted in accordance with the Argentine Constitution after the debt securities

subject to the foreign judgment were issued. In addition, the Supreme Court of Argentina held that such norms were part of Argentine public policy and, therefore, that the enforcement of a foreign judgment, as the one sought by the plaintiff, could not be granted as it would be clearly contrary to such legislation.

Attachment prior to judgment or attachment in aid of execution of a judgment will not be ordered by courts of Argentina or the Province with respect to public property if such property is located in Argentina and is included within the provisions of Articles 234 and 235 of the Argentine Civil and Commercial Code or directly provides an essential public service.

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## DEFINED TERMS AND CONVENTIONS

### Certain Defined Terms

All references in this offering memorandum to:

- the “Province,” “we,” “our” and “us” are to the Province of Santa Fe, the issuer;
- the “Central Bank” are to the *Banco Central de la República Argentina*, the Central Bank of the Republic of Argentina;
- “INDEC” are to the *Instituto Nacional de Estadística y Censos*, the Argentine National Institute of Statistics and Censuses;
- “ANSeS” are to the *Administración Nacional de la Seguridad Social*, the Argentine National Social Security Administration;
- “City of Buenos Aires” are to the Ciudad Autónoma de Buenos Aires, the Autonomous City of Buenos Aires;
- “Argentina” are to the Republic of Argentina;
- the “federal government” are to the non-financial sector of the central government of Argentina, excluding the Central Bank; and
- the “Provincial Institute of Statistics” are to the *Instituto Provincial de Estadística y Censos*.

The terms set forth below have the following meanings for purposes of this offering memorandum:

- “Exports” are calculated based upon statistics reported to Argentina’s customs agency the *Dirección General de Aduanas*, upon departure of goods originated in the Province on a free-on-board (FOB) basis.
- “Gross domestic product,” or “GDP,” is a measure of the total value of final products and services produced in Argentina or the Province, as the case may be, in a specific year.
- “Integrated Fund of Official Accounts,” or “IFOA” is a treasury arrangement that allows the provincial treasury to apply positive balances generated by the institutions and agencies that comprise the central administration of the Province, decentralized institutions and social security institutions to cover temporary deficits of the central administration. The provincial treasury is not required to return the applied funds as long as the aggregate balance of all such institutions and agencies is positive.
- The “inflation rate” provides an aggregate measure of the rate of change in the prices of goods and services in the economy. The inflation rate is generally measured by the rate of change in the consumer price index (“CPI”) between two periods, unless otherwise specified. The annual percentage rate of change in the CPI as of a particular date is calculated by comparing the index as of that date against the index as of the date 12 months prior. The CPI in Argentina is calculated by INDEC. However, as a result of widespread concerns regarding the credibility of the INDEC’s calculations that resulted in the declaration of a state of

administrative emergency in January 2016, alternative measures of CPI inflation are presented in this offering memorandum using (i) the CPI calculated by INDEC, (ii) the CPI calculated by the government of the City of Buenos Aires (the “City of Buenos Aires CPI”) and (iii) the CPI calculated by the Province of San Luis (the “Province of San Luis CPI”). Beginning for the month of May 2016, the INDEC began publishing CPI for Argentina based on its new methodology. Each of the measures described in (ii) and (iii) are based on a weighted basket of consumer goods and services that reflects the pattern of consumption of households that reside in those jurisdictions. All references in this offering memorandum to CPI are to INDEC CPI, the City of Buenos Aires CPI or the Province of San Luis CPI, as indicated therein. See “Risk Factors—Risk Relating to Argentina—The credibility of several Argentine economic indices has been called into question, which has led to a lack of confidence in the Argentine economy and could affect your evaluation of this offering and/or the market value of the notes.”

- “Mercosur” refers to the *Mercado Común del Sur*, which is a regional trade agreement among Argentina, Brazil, Paraguay, Uruguay and Venezuela.
- The “primary balance” refers to the difference between the Province’s current and capital expenditures and current and capital revenues. The primary balance excludes interest expenses and borrowings and repayments of the Province’s debt.
- The “unemployment rate” represents the percentage of the Province’s labor force that has not worked a minimum of one hour with compensation or 15 hours without compensation during the week preceding the date of measurement and is actively seeking employment.
- The “underemployment rate” represents the percentage of the Province’s labor force that has worked fewer than 35 hours during the week preceding the date of measurement and seeks to work more than that amount. The “labor force” refers to the sum of the population of the three main urban areas of the Province (Greater Rosario, Greater Santa Fe and San Nicolás-Villa Constitución) that has worked a minimum of one hour with compensation or 15 hours without compensation during the week preceding the date of measurement plus the population that is unemployed but actively seeking employment.

### **Currency of Presentation and Exchange Rates**

Unless otherwise specified, references in this offering memorandum to “dollars,” “U.S. dollars,” and “U.S.\$” are to the currency of the United States of America and references to “pesos” and “Ps.” are to Argentine pesos, the official currency of Argentina.

The Province publishes most of its economic indicators and other statistics in pesos. Currency conversions, including conversions of pesos into U.S. dollars, are included for the convenience of the reader only and should not be construed as a representation that the amounts in question have been, could have been or could be converted into any particular denomination, at any particular rate or at all. Unless otherwise indicated, U.S. dollar equivalent information for amounts in Pesos included in this offering memorandum is based upon the rate published by the Central Bank in effect as of December 31, 2015, which was Ps. 13.005 per U.S.\$1.00.

Beginning in February 2002, the peso was allowed to float against other currencies. After several years of fluctuations in the nominal exchange rate, the peso lost approximately 14% of its value against the U.S. dollar in 2012. Despite increased Central Bank intervention and measures to limit Argentine residents’ access to foreign currency, the peso devalued by 32.6% and 31.3% against the U.S. dollar in 2013 and 2014, respectively. In December 2015, the new administration eliminated a significant portion of the foreign exchange restrictions and the Central Bank returned to a free-float policy with interventions designed to enhance the operation of the foreign exchange market. Immediately after a significant portion of the foreign exchange controls were lifted, the peso devalued by approximately 40%, as the peso-U.S. dollar exchange rate reached Ps. 13.76 to U.S. \$1.00 on December 17, 2015. The peso has since floated freely with limited intervention by the Central Bank.



The following table sets forth the annual high, low, average and period-end “reference” exchange rates for the periods indicated, expressed in pesos per U.S. dollar and not adjusted for inflation. There can be no assurance that the peso will not depreciate or appreciate again in the future. The Federal Reserve Bank of New York does not report a noon buying rate for pesos.

Year ended December 31,	Exchange rates <sup>(1)</sup>			Period end
	High	Low	Average <sup>(2)</sup>	
2011 .....	4.304	3.972	4.130	4.303
2012 .....	4.917	4.305	4.551	4.917
2013 .....	6.518	4.923	5.479	6.518
2014 .....	8.556	6.543	8.119	8.552
2015 .....	13.763	8.554	9.269	13.005
2016:				
January .....	13.941	13.069	13.655	13.904
February .....	15.584	14.088	14.815	15.584
March .....	15.919	14.296	14.138	14.930
April .....	14.779	14.140	14.409	14.258
May .....	14.262	13.987	14.123	13.954
June .....	15.056	13.757	14.141	14.920
July .....	15.193	14.572	14.909	15.045
August .....	15.100	14.653	14.850	14.901
September .....	15.402	14.884	15.101	15.263
October (through October 13, 2016) .....	15.225	15.115	15.184	15.115

(1) Central Bank reference exchange rates (Communication “A” 3,500 of Central Bank).

(2) Average of daily closing quotes.

As of October 13, 2016 the peso-U.S. dollar reference exchange rate was Ps. 15.115 to U.S.\$1.00.

### ***Exchange Controls***

Due to the deterioration of the Argentine economy and financial system in 2001, the inability of Argentina to service its public external indebtedness and the decreased level of deposits in the financial system, the federal government issued Decree No. 1,570/2001 on December 3, 2001, which established certain monetary and currency exchange control measures, including restrictions on the free disposition of funds deposited in banks and restrictions on the transfer of funds abroad, subject to certain exceptions.

In addition to the above measures, on February 8, 2002, the federal government and the Central Bank began requiring prior authorization for certain transfers of funds abroad to service principal and/or interest payments on foreign indebtedness. From 2011 until the new administration took office in December 2015, the federal government increased controls on the sale of foreign currency and the acquisition of foreign assets by local residents, limiting the possibility of transferring funds abroad. In 2012, the federal government adopted an import procedure under which any import of products required the pre-approval of local authorities in the form of a *Declaración Jurada Anticipada de Importación* (Advance Sworn Import Declaration, or “DJAI”). The DJAI was a precondition for the importer to gain access to the foreign exchange market to pay for imported products, which was, in effect, a material barrier to the import of goods into Argentina, as any alternative method of payment significantly increased the costs of such transactions. Since December 23, 2015, the DJAI procedure is no longer applicable.

Together with the regulations established in 2012 that subjected certain foreign exchange transactions to prior approval by Argentine tax authorities or the Central Bank, the measures taken by the previous administration significantly curtailed access to the *Mercado Único y Libre de Cambio* (the “MULC”). In response, an unofficial U.S. dollar trading market developed in which the peso-U.S. dollar exchange rate differed substantially from the official peso-U.S. dollar exchange rate.

## Recent Reforms

Since December 2015, in line with the economic reforms implemented by the new administration, the Central Bank has issued regulations to ease and eliminate a significant portion of the foreign exchange restrictions imposed since 2011, thereby reverting to the exchange controls regime prior to 2011. See “Risk Factors—Risks Relating to Argentina—Exchange controls and restrictions on capital inflows and outflows carried by the Central Bank may continue to limit the availability of international credit and the liquidity of the market for securities of Argentine issuers, including Argentine provinces.” These recent regulations include the following:

- the reestablishment of Argentine residents’ rights to purchase and foreign currency remit outside Argentina without amount limitations, specific allocation nor the need to obtain prior approval;
- the effective elimination of a mandatory, non-transferable and non-interest bearing deposit in connection with certain transactions involving foreign currency inflows by reducing the amount of the deposit of such transactions from 30% to 0%;
- the elimination of the requirement to transfer and settle the proceeds from new foreign financial indebtedness incurred by the foreign financial sector, the non-financial private sector and the local governments through the MULC; and
- the reduction of the required period that the proceeds of any financial indebtedness incurred by residents, held by foreign creditors and transferred through the MULC must be kept in Argentina (the “Mandatory Minimum Stay Period”), from 365 calendar days to 120 calendar days.

### *Current Regulations*

#### **Inflow of Capital**

##### *Financial debts*

Pursuant to Communication “A” 6037, as amended by Communication “A” 6058, foreign financial indebtedness incurred by the private, non-financial sector, the financial sector and Argentine local governments are not subject to the requirement of having the proceeds from such indebtedness transferred and settled through the MULC.

Whether funds are being entered into the MULC or not, in transactions involving the private non-financial sector and the financial sector it is mandatory to register such debt in the “Report of external liabilities and securities issuance” (Communication “A” 3602 as amended and restated) in accordance with Section 1 of Decree 616/05.

Any financial indebtedness with foreign creditors incurred by Argentine residents from the financial sector and from the private, non-financial sector, entered through the MULC, must be agreed and maintained for terms of at least 120 calendar days as from the date of the inflow of the funds into Argentina and they may not be prepaid before the lapse of said term, irrespective of the manner of cancellation.

As established by Communication “A” 6037, the primary issuances of publicly traded and listed securities and any balance account at correspondent bank in favor of entities authorized to operate in financial markets, are exempted from the provisions described in the preceding paragraph (i.e. Mandatory Minimum Stay Period), as long as they do not constitute credit facilities. Moreover, indebtedness transactions entered into directly with Multilateral and Bilateral Credit Agencies and with Official Credit Agencies or through related agencies, as long as such payable debt was originated from loans granted in accordance with such agencies’ purpose, are also exempted from the provisions described in the preceding paragraph.

## **Outflow of Capital**

### *Cancellation of services of foreign financial debts*

In the case of access to the MULC for capital services of foreign financial indebtedness, including cancellation of financial standby arrangements granted by Argentine banking entities, applicable regulations require: (i) a sworn affidavit by the debtor confirming the presentation, if applicable, of the “Report of Issuances of Securities and Other Foreign Indebtedness of the Private Sector” and; (ii) the fulfillment of the Mandatory Minimum Stay Period for foreign financial indebtedness transferred into Argentina through the MULC.

### *Access to the MULC for debt-service purposes relating to local debt securities denominated in foreign currency*

For access to the MULC for debt-service purposes relating to local debt securities denominated in foreign currency, applicable regulations require a sworn affidavit by the debtor confirming the presentation, if applicable, of the “Report of Issuances of Securities and Other Foreign Indebtedness of the Private Sector.”

### *Services, interest, current transfers, revenues, dividends and non-financial non-produced assets.*

Access to the MULC for remittances abroad to pay interest services, current transfers, revenues, dividends and non-financial non-produced assets acquisition, is subject to the filing of debtor’s sworn statement regarding compliance, if applicable, with debtor’s “Report of Issuances of Securities and Other Foreign Indebtedness of the Private Financial and Non-Financial Sectors” that corresponds to the obligation being canceled abroad and the “Report of Foreign Direct Investments” (Communication “A” 6037, as amended).

Personal transfers, including all current transfers from natural resident persons to natural non-resident persons and vice versa, are allowed provided, however, that if the amount being paid exceeds US\$ 2,500 per client and per calendar month, the sale of foreign exchange must be made against debit to the customer banking account.

Non-residents have access to the MULC for transfers of services, revenues and current transfers collected within Argentina according to the specific regulations that apply to MULC access by non-residents.

## **Other Regulations**

### *General rules for access to the foreign exchange market*

The filing of a sworn statement, which is included in each FX contract, expressing the code and concept that correspond to the foreign exchange transactions, will be sufficient to grant access to the foreign exchange market to both residents and non-residents, under the regulations set forth for each of them. Cases with specific requirements are exempted from the previous rule.

### *Sales of Foreign Currency to Non-residents*

Pursuant to Communication “A” 6037, as amended and supplemented, financial entities can grant access to the MULC with a sworn affidavit by the client regarding the reason for which the MULC is being accessed in the case of transactions involving the transfer of foreign currency abroad, and the sale of cash, checks and travelers checks in foreign currency, to the following non-resident clients:

- (i) international organizations and institutions acting as official export credit agencies listed in said communication’s exhibit;
- (ii) Diplomatic and consular representatives and diplomatic staff authorized in the country to the extent that such transfers are made in the exercise of their respective functions; and

- (iii) representations from courts, authorities or departments, special missions, bilateral commissions or bodies established by international treaties or agreements, to which Argentina is a party, to the extent that such transfers are made in the exercise of their respective functions.

Access to the MULC by non-residents can be also granted for transfers of funds collected in Argentina to overseas accounts, provided that they can provide documentation that reasonably shows that the funds correspond to:

- (1) Financial indebtedness originated in of non-residents' external loans.
- (2) Argentine import payments.
- (3) Services, rents and other overseas current transfers.
- (4) Foreign debt with residents for Argentine imports of goods.
- (5) Revenues from bonds and secured loans by the Argentine government issued in local currency.
- (6) Recovery of claims in local bankruptcy proceedings and collection of debts under reorganization proceedings to the extent that the non-resident client has been recognized as creditor by a final non-appealable decision of the court of such proceedings.
- (7) Inheritance, in accordance with the declaration of inheritance.
- (8) Benefits, or funds from services and sales of received securities, granted by the Argentine government in the framework established by laws N° 24,043, N° 24,411 and N° 25,914.
- (9) Repatriations of direct investments in companies in the private, non-financial sector that do not control local financial institutions and/or real estate, provided that the foreign beneficiary is either a natural or legal entity residing or incorporated and established in, or the payment is performed, in domains, jurisdictions, territories or associated states that are considered "cooperators for the purposes of fiscal transparency" according to the provisions of section 1 of Decree 589/2013, as amended and supplemented for the following purposes: i) Sale of the foreign direct investment; ii) final liquidation of the foreign direct investment; iii) Capital reduction decided by the local company; and iv) reimbursement of irrevocable contributions by the local company.
- (10) Collections of services or sales proceeds of other portfolio investments (and their profits) provided that the foreign beneficiary is either a natural or legal person residing in or incorporated and established in domains, jurisdictions, territories or associated states that are considered "cooperators for the purposes of fiscal transparency" according to the provisions of Art. 1 of Decree 589/2013, as amended and supplemented. These portfolio investment repatriations include, but are not limited to, portfolio investments in shares and ownership interests in local companies, investments in mutual funds and local trusts, purchases of portfolios of loans granted to residents by local banks, purchases of invoices and promissory notes for local business transactions, investments in local bonds issued in pesos and in foreign currency payable locally, as well as purchases of other internal receivables. In these cases, to access the MULC, the applicable regulations require certification by an Argentine financial or exchange entity regarding the date and amount of the settlement of the funds in the MULC corresponding to such investment. Additionally, the Mandatory Minimum Stay Period must be verified, taking into consideration the inflow dates of the funds.

The aforementioned requirements will not be applicable when i) the investment is originated in funds collected in Argentina under a transaction pursuant to which the non-Argentine resident would have had access to the MULC for the repatriation of such funds at the time of collection; the funds correspond to the collection in pesos in Argentina of credits from debts for imports assigned by the importer to a third party; and the case of investments made by natural persons during their

residence in Argentina, with funds contemplated under Decree N° 616/05, that subsequently were transferred abroad, as long as the Argentine financial or exchange intervening entity receives documentation that proves the date of change of residence; and ii) indemnifications awarded by Argentine courts in favor of non-residents.

Collections received from service payments of, or the sale of, bonds issued by the Argentine government acquired by the non-resident in the primary market, are not subject to the Mandatory Minimum Stay Period.

Access to the MULC by the resident for the remittance of funds to the non-resident is also allowed in all of the aforementioned cases.

Other sale transactions of foreign currency, checks, and traveler's checks in foreign currency to non-residents are subject to the prior authorization of the Central Bank when their amount exceed the equivalent of U.S.\$ 10,000 per calendar month.

### ***Formation of Off-shore Assets by Residents***

Communication "A" 6037, as amended, established that resident individuals, legal entities from the private sector organized in Argentina and not authorized to deal in foreign exchange, certain trusts and other estates domiciled in Argentina, as well as Argentine local governments, will be allowed access to the MULC without the prior authorization of the Central Bank with respect to the following types of transactions: direct investments by residents, portfolio investments abroad by residents and purchases of foreign currency banknotes in Argentina and purchase of traveler's checks by residents, in each case provided that the following conditions are satisfied:

- (i) In the case of purchases of foreign currency that exceed the equivalent of U.S.\$ 2,500 per calendar month, the transaction can only be made by means of a debit against a banking account created in an Argentine financial entity in the resident's name, a transfer via MEP (Electronic Payment System) to the relevant financial entity from a the resident's banking account or payment by a check drawn against a resident's own banking account.

The financial entity shall rely on the client's sworn affidavit certifying the foreign exchange transaction to be carried out complies with this limit for its operations.

- (ii) In the case of foreign currency sales to residents for the creation of portfolio investments abroad, the transfer must be made to an account or other holding of foreign financial assets under the name of the client created in countries or jurisdictions which are not considered as non-cooperative for fiscal transparency purposes under section 1 of Executive Decree No. 589/13, or in countries or jurisdictions where the Recommendations of the Financial Action Task Force are not followed or sufficiently followed. Non-cooperative countries or jurisdictions will be designated as such by the Financial Action Task Force ([www.fatf-gafi.org](http://www.fatf-gafi.org)). The identification of the foreign entity where the resident's account has been created and the account number must be recorded in the applicable FX contract.

These rules do not preclude the enforcement of any other applicable rules for the prevention of money laundering, terrorism financing and other illicit activities.

### ***Capital Markets***

Securities-related transactions carried out through stock exchanges and authorized securities markets must be paid using any of the following mechanisms: (i) in Pesos; (ii) in foreign currency through electronic fund transfers from and to sight accounts in local financial institutions; and (iii) through wire transfers against foreign accounts. Under no circumstances is the settlement of these securities purchase and sale transactions to be made in foreign currency bills or through deposits in escrow accounts or in third-party accounts (Communication "A" 4308).

***Report of Issuances of Securities and Other Foreign Indebtedness of the Private Financial and Non-financial Sectors***

Pursuant to Communication “A” 3602, dated May 7, 2002, as amended, all individuals and legal entities in the private financial and non-financial sectors must report their outstanding foreign indebtedness (whether Peso or foreign currency-denominated) at the end of each calendar quarter. The debts incurred and repaid within the same calendar quarter need not be reported.

***Foreign Direct Investments Report***

Communication “A” 4237 established reporting requirements in connection with foreign direct investments made by local residents abroad and by non-residents in Argentina. Foreign direct investments are defined as those that reflect the long-standing interest of a resident in one economy (direct investor) in another economy’s resident entity, such as an ownership interest representing at least 10% of a company’s capital stock or voting rights. The reporting requirements prescribed by this Communication “A” 4237 are to be met on an annual or biannual basis depending on, among other factors, the amounts involved.

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All annual information presented in this offering memorandum is based upon January 1 to December 31 periods, unless otherwise indicated. Totals in some tables in this offering memorandum may differ from the sum of the individual items in those tables due to rounding.

Unless otherwise stated, prices and figures are stated in current values of the currency presented.

Certain statistical information included in this offering memorandum is preliminary in nature and reflects the most recent reliable data readily available to the Province as of the date of this offering memorandum.

Information included in this offering memorandum regarding provincial GDP for 2014 and 2015 is based on preliminary calculations performed by the Provincial Institute of Statistics and Censuses. See “Risk Factors—Information included in this offering memorandum regarding provincial GDP estimates for 2014 and 2015 is based on preliminary calculations made by the Provincial Institute of Statistics and Censuses of the Province and, therefore, may differ substantially from official GDP information calculated pursuant to its new methodology for such years once it is published by the Provincial Office of Statistics and Censuses.”

Information in this offering memorandum that is identified as being derived from a publication of Argentina, the Province or one of their respective agencies or instrumentalities relies on the authority of such publication as a public official document of Argentina or the Province, as the case may be. The Province has not independently verified the information in this offering memorandum that is identified as being derived from a publication of Argentina and makes no representation as to its accuracy or completeness. “Risk Factors—Risk Relating to Argentina—The credibility of several Argentine economic indices has been called into question, which has led to a lack of confidence in the Argentine economy and could affect your evaluation of this offering and/or the market value of the notes.” All other information and statements set forth herein relating to the Province are included as public official statements made on the authority of the Province.

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## FORWARD-LOOKING STATEMENTS

This offering memorandum may contain forward-looking statements. Forward-looking statements are statements that are not historical facts, including statements about the Province’s beliefs and expectations. These statements are based on the Province’s current plans, estimates and projections. Therefore you should not place undue reliance on them. Forward-looking statements speak only as of the date they are made. The Province undertakes no obligation to update any of them in light of new information or future events.

Forward-looking statements involve inherent risks and uncertainties, including, but not limited to, those set forth in “Risk Factors” in this offering memorandum. A number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. The information contained in this offering memorandum identifies important factors that could cause such differences. Such factors include, but are not limited to:

- adverse domestic factors, such as increases in inflation, high domestic interest rates and exchange rate volatility, any of which could lead to lower economic growth;
- adverse external factors, such as a decline in foreign investment, changes in international prices (including commodity prices) for goods produced within the Province, changes in international interest rates, recession or low economic growth in Argentina’s trading partners, which could decrease the value or quantity of exports from the Province, induce a contraction of the Province’s economy and, indirectly, reduce tax revenues and other public sector revenues and adversely affect the Province’s fiscal accounts;
- the relationships with the Federal Government and other provinces, in particular, in the context of any possible modification of the tax arrangements between the Federal Government and the provinces of

Argentina as established by the Federal Tax Co-Participation Law (*Ley de Coparticipación Federal de Recursos Fiscales*), pursuant to which the Federal Government agreed to collect certain taxes on an exclusive basis and to distribute a portion of those tax revenues among such provinces, currently the main source of revenue for the Province; and

- other adverse factors, such as climatic or political events, international or domestic hostilities and political uncertainty, including the effects of the results of the Argentine presidential, gubernatorial and legislative elections held in October and November 2015.

Each of these factors could lead to lower economic growth, reduce the Province's revenues thereby affecting the Province's accounts and may adversely affect its financial condition.



## SUMMARY

*This summary highlights selected economic and financial information about the Province and the Republic of Argentina. It is not complete and may not contain all of the information you should consider before purchasing the notes. You should carefully read the entire offering memorandum, including "Risk Factors," before purchasing the notes.*

### Selected Economic Information (in millions of pesos unless otherwise indicated)

	2011	2012	2013	2014	2015
<b>NATIONAL ECONOMY</b>					
Real GDP (in billions of constant 1993 pesos).....	459.57	468.30	n.a.	n.a.	n.a.
Rate of change from prior year (1993 pesos) .....	8.9%	1.9%	n.a.	n.a.	n.a.
Real GDP (in billions of constant 2004 pesos).....	713.7	706.2	722.4	703.9	720.6
Rate of change from prior year (2004 pesos) .....	6.2%	(1.1)%	2.3%	(2.6)%	2.4%
Unemployment rate <sup>(1)</sup> .....	6.7%	6.9%	6.4%	6.9%	5.9%
Inflation (as measured by INDEC CPI).....	9.5%	10.8%	10.9%	23.9%	n.a.
Inflation (as measured by San Luis CPI) .....	23.3%	23.0%	31.9%	39.0%	31.6%
Inflation (as measured by the City of Buenos Aires CPI) .....	n.a.	n.a.	26.6%	38.0%	26.9%
<b>PROVINCIAL ECONOMY</b>					
GDP (in millions of constant 1993 prices).....	34,743	35,047	36,780	37,979 <sup>(2)</sup>	39,079 <sup>(2)</sup>
Real GDP growth.....	8.0%	0.9%	4.9%	3.3% <sup>(2)</sup>	2.9% <sup>(2)</sup>
Provincial GDP as a % of National Real GDP .....	8.3%	8.2%	n.a.	n.a.	n.a.
Population (inhabitants) .....	3,285,408	3,313,212	3,341,228	3,369,365	3,397,532
<b>PROVINCIAL PUBLIC SECTOR FINANCES</b>					
Total Revenues .....	28,684.09	35,825.58	47,168.35	64,122.15	85,448.44
Total Expenditures .....	30,326.95	36,220.40	47,497.19	65,787.70	90,487.65
Primary Balance <sup>(3)</sup> .....	(1,613.41)	(367.80)	(306.40)	(1,637.82)	(4,966.72)
Financial Balance <sup>(4)</sup> .....	(1,642.86)	(394.82)	(328.85)	(1,665.55)	(5,039.22)
Total Results <sup>(5)</sup> .....	(646.36)	154.38	693.71	(642.92)	(3,753.54)
<b>PROVINCIAL PUBLIC SECTOR DEBT</b>					
Peso-denominated debt .....	112.53	164.90	50.00	18.41	117.90
Foreign-currency-denominated debt .....	1,158.58	1,181.14	1,397.37	1,537.07	2,004.49
Total Debt .....	1,271.11	1,346.05	1,447.73	1,555.48	2,122.39
Total Debt (in millions of U.S.\$ ) <sup>(6)</sup> .....	293.33	273.69	222.01	181.90	162.75
Debt Service.....	224.99	255.73	284.7	383.68	413.28
Total Debt as a % of provincial GDP.....	0.74%	0.68%	0.58%	0.47%	0.49%
Total Debt as a % of Total Revenues .....	4.43%	3.75%	3.07%	2.42%	2.48%

(1) Based on the *Encuesta Permanente de Hogares* (Permanent Household Survey or "EPH") conducted in 31 major urban areas. According to INDEC, the current methodology to conduct the EPH is applied to every major city except Rawson -Trelew, San Nicolás-Villa Constitución and Viedma- Carmen de Patagones, where the EPH is still being conducted pursuant to the old methodology because of resource constraints in cities in the interior of Argentina. Unemployment information for 2015 is for the third quarter of 2015, which is the last reported information.

(2) Preliminary information.

(3) Excluding interest payments.

(4) Represents the primary fiscal balance minus interest payments.

(5) Represents the financial balance plus borrowings, minus debt repayments.

(6) Peso amounts have been converted to U.S. dollar solely for the convenience of the reader at the last exchange published by *Banco de la Nación Argentina* for each period.

n.a.= Not available.

**Source:** Provincial Institute of Statistics; Ministry of Economy of the Province; Federal Ministry of Economy and Public Finance.

## The Province

### General

The Province is the third most populous of the 24 Argentine provinces, with an area of 133,007 square kilometers, and approximately 3.2 million inhabitants, representing approximately 8.0% of the total population of Argentina.

The Province is located in the central-eastern part of the country, west of the *Río Paraná* (Parana River), which has a coastline of approximately 849 kilometers, representing a third of the total length of the Paraná-Paraguay waterway, and connects the Province to the Mercosur.

The Province's ports along the coasts of the Paraná River play a significant role in Argentina's economy. In 2015, over 2,000 ships sailed through the Province's ports. In 2015, Argentine total exports represented U.S.\$ 56.8 billion, of which more than a third, or U.S.\$ 19.9 billion, were shipped through the Province's ports. In 2015, 64.3% of grains, 96% of derivative products (sunflower seeds, soy seeds, bran, cotton seeds and malt) and 97.4% of oils (sunflower, soy cotton and safflower oils) exported from Argentina were shipped through the Province's ports.

The Province is the leader in dairy products production among Argentina's provinces, accounting for 34.4% of total dairy production and 42.6% of dairy production facilities in Argentina. The Province originates a significant portion of Argentina's manufacturing products related to the agricultural sector and has a diverse array of services (including tourism, scientific innovation and technology, among others). The capital of the Province is the city of Santa Fe, and the city of Rosario is one of the main centers of economic activity in Argentina.

The Province is divided into 19 departments, which in turn are sub-divided into 55 municipalities and 308 boroughs.

### Provincial Government and Recent Political History

The provincial government is divided into three branches: the executive branch, legislative branch and judicial branch. The executive branch consists of a Governor and a Vice Governor, who are elected together for four-year terms, and a number of ministries and secretariats.

General provincial elections were held on June 14, 2015. Miguel Lifschitz, a member of the *Frente Progresista Cívico y Social* coalition, was elected Governor with 30.64% of the total vote. The Vice Governor is Carlos Alcides Fascendini, also a member of the *Frente Progresista Cívico y Social* coalition. Both Mr. Lifschitz and Mr. Alcides Fascendini have been in office since December 2015 and their current term ends in December 2019. The next elections for Governor and Vice Governor are scheduled to take place in 2019. Both the Governor and the Vice Governor are not eligible for reelection until after at least one term out of office.

The legislative branch is composed of two bodies: the Senate, with 19 members, and the House of Deputies, with 50 members. The Vice Governor serves as President of the Senate and holds a casting vote in the event of a tie. The House of Deputies chooses its president from its members. The members of both bodies are elected to four-year terms by popular vote. Members of both houses may serve for multiple consecutive terms.

The judicial branch of the Province consists of trial courts, courts of appeals and the provincial Supreme Court, which have jurisdiction over civil, commercial, administrative, labor, family and criminal matters (other than matters subject to the jurisdiction of the federal courts) within the Province. The judicial branch also consists of the *Ministerio Público de la Acusación* (the Public Prosecution Ministry) and the *Servicio Público de la Defensa* (the Public Defense Service).

The *Tribunal de Cuentas* (Audit Tribunal) enforces the Province's control system of the provincial administration.

## The Provincial Economy

Historically, the Province's economy has represented a significant part of the overall Argentine economy. The diversification of its economy supported continued expansion over the past few years with provincial GDP increasing by 3.3% in 2014 and 2.9% in 2015.

The following table shows the principal macroeconomic indicators of the Province compared to those of other provinces and the city of Buenos Aires in Argentina:

**Principal Macroeconomic Indicators for 2014 – 2015<sup>(1)</sup>**

	Santa Fe		Buenos Aires		Córdoba		Mendoza		City of Buenos Aires	
	2014 <sup>(1)</sup>	2015 <sup>(1)</sup>	2014 <sup>(1)</sup>	2015 <sup>(1)</sup>	2014 <sup>(1)</sup>	2015 <sup>(1)</sup>	2014 <sup>(1)</sup>	2015 <sup>(1)</sup>	2014 <sup>(1)</sup>	2015 <sup>(1)</sup>
	<i>(in millions of pesos and percentages)</i>									
Tax Revenues.....	42,936.8	58,128.0	148,723.3	199,040.8	44,142.4	59,257.4	22,298.1	29,592.1	60,199.5	76,838.8
Total Revenues.....	64,122.2	85,436.8	202,983.3	274,304.6	50,825.1	67,420.3	28,378.80	36,600.30	64,104.4	81,498.8
Total Expenditures .....	65,787.7	90,428.1	202,183.3	295,774.7	49,532.4	69,854.5	28,937.00	40,529.30	65,743.2	85,294.0
Financial Balance .....	(1,665.6)	(5,014.2)	(5,014.2)	(21,470.1)	1,292.7	(2,434.3)	(558.20)	(3,929.00)	(1,638.8)	(3,795.2)
Total Debt .....	1,555.5	2,122.40	88,335.08	117,890.1	7,294.5	7,485.7	9,251.6	14,485.7	18,301.5	31,432.3
GDP (in current 1993 prices).....	332,172.1	429,930.0	1,122,129.2	1,428,039.6	249,217.0	n.a.	140,433.86	n.a.	841,446.0	n.a.
Tax Revenues as a % of Total Revenues.....	67.0%	68.0%	73.3%	72.6%	86.9%	87.9%	78.6%	80.9%	93.9%	94.3%
Total Revenues as a % of provincial GDP .....	19.3%	19.9%	18.1%	19.2%	20.4%	n.a.	20.2%	n.a.	7.6%	n.a.
Financial Balance as a % of Total Revenues .....	(2.6%)	(5.9%)	(2.5%)	(7.8%)	(2.5%)	(3.6%)	(2.0%)	(10.7%)	(2.6%)	(4.7%)
Financial Balance as a % of provincial GDP .....	(0.5%)	(1.2%)	(0.4%)	(1.5%)	0.5%	n.a.	(0.4%)	n.a.	(0.2%)	n.a.
Total Debt as a % of Total Revenues.....	2.4%	2.5%	43.5%	43.0%	14.4%	11.1%	32.6%	39.6%	28.6%	38.6%
Total Debt as a % of provincial GDP.....	0.5%	0.5%	7.9%	8.3%	2.9%	n.a.	6.6%	n.a.	2.2%	n.a.
Population employed by the public sector .....	14.0%	n.a.	14.7%	n.a.	14.3%	n.a.	20.40%	n.a.	17.4%	n.a.

**Source:** Provincial Institute of Statistics, Ministry of Economy of the Province, Statistics Office of the Province of Buenos Aires, Statistics Office of the Province of Mendoza, Statistics Office of the City of Buenos Aires and INDEC.

<sup>(1)</sup> Preliminary information.

n.a.= Not available.

As of the date of this offering memorandum, the Province has preliminary GDP information, as elaborated by the Provincial Institute of Statistics and Censuses, through the years ended December 31, 2014 and 2015.

In 2011, provincial GDP grew, in real terms, by 8.0%. In 2011, the Province's exports grew approximately 19.9%. This increase was partially due to the strong demand from Brazil, a major export market and source of imports of the Province. In 2012, provincial GDP growth slowed to 0.9%, against the backdrop of the decrease of international commodities prices, a deepening economic slowdown in the region and slower growth of the major world economies. In 2013, 2014 and 2015, provincial GDP grew by 4.9%, 3.3% and 2.9%, respectively, in real terms, in each case compared to the previous year.

### *Principal Sectors of the Economy*

The most significant sectors of the Province's economy in 2015 (as a percentage of the Province's total real GDP) were real estate, business and rental services (24.0%); manufacturing (18.9%); retail and wholesale commerce (16.1%); agriculture, livestock, hunting and forestry (8.9%); transport, storage and communications (8.7%); and education, social and health services (7.1%), demonstrating the diversity of the economic activities the Province hosts.

### *Exports Originating in the Province*

The Province is the second largest province in terms of exports. In 2015, provincial exports totaled U.S.\$ 13.2 billion, accounting for 23.2% of total Argentine exports. In addition, the Province's share in total Argentine exports during the 2011-2015 period was 21.6%.

Provincial exports of primary goods for the year ended December 31, 2015 amounted to U.S.\$ 1.7 billion and represented 11.7% of total provincial exports and 11.6% of total Argentine exports in this sector. Provincial

exports of manufactured goods of agricultural origin for 2015 amounted to U.S.\$10.1 billion and represented 77.3% of total provincial exports, and 43.8% of total Argentine exports in this sector. Provincial exports of manufactured goods of industrial origin for 2015, amounted to U.S.\$ 1.4 billion and represented 10.5% of total provincial exports and 7.7% of total Argentine exports.

#### *Destination of Exports*

Products and services originated in the Province were exported to more than 100 countries in 2015. None of these accounted for more than 10% of total exports.

Historically, the main destinations for exports from the Province have been Brazil, China and India. Brazil accounted for 9.4% of total exports originated within the Province in the 2011-2015 period. The Province's main exports to Brazil in 2015 were automobiles and wheat. In 2015, exports to Brazil accounted for 6.0% of total provincial exports, a 21.7% decrease compared to 2014.

China accounted for 6.9% of total exports originated within the Province in the 2011-2015 period. Seeds and oilseeds, oils and fats, meats and hides and skins are the most important exports to China. In 2015, China accounted for 8.2% of total exports originated in the Province.

In 2015, India accounted for 9.1% of total provincial exports compared to 6.2% in 2014, mainly due to high demand for soybean oil.

#### *Floods in the Province during 2016*

In 2016, heavy rains in several departments of the Province, such as *Belgrano, Castellanos, Garay, General Obligado, La Capital, Las Colonias, San Cristóbal, San Javier, San Jerónimo, San Justo, San Martín and Vera*, adversely affected primary production. In April 2016, as a result of adverse weather conditions, which resulted in floods affecting over 3,500,000 hectares in the Province in peak harvesting season, harvesting activities were substantially hindered, resulting in end-of-harvest-cycle diseases, loss of grain quality and high humidity content in harvested grains. Livestock production and dairy product production were affected as a result of blocked or flooded roads, which delayed truck access to the farms, and resulted in water-related diseases such as foot rot, and a lack of feed for livestock. Total losses for the primary sector, as a result of floods in 2016, are estimated at Ps. 20.9 billion.

#### *Provincial Enterprises*

The Province owns all or part of a number of different enterprises.

*Empresa Provincial de la Energía de Santa Fe* (the Provincial Energy Company of Santa Fe, or "EPE") is one of the largest electricity providers in Argentina. EPE supplies electricity to more than 1.2 million customers in the Province with a network spanning over 101.0 thousand km<sup>2</sup>, representing 10% of activity in the Argentine wholesale electricity market. In 2015, EPE's total revenues were Ps. 6.0 billion and total expenditures were Ps. 5.6 billion. In 2015, EPE recorded a financial surplus of Ps. 431.5 million.

*AguaSantafesinas S.A.* ("ASSA") is a state-owned company which became a *societadanónima* on February 8, 2006 and provides drinking water and sewerage to 15 cities across the Province of Santa Fe. ASSA provides drinking water to 97.4%, or approximately 2.0 million, of the inhabitants of the Province, and sewerage services to 68.5%, or more than 1.4 million inhabitants. In 2015, ASSA's total revenues were Ps. 2.1 billion and total expenditures were Ps. 2.2 billion. In 2015, ASSA recorded a financial deficit of Ps. 100.8 million.

#### **Public Sector Finances**

The public sector of the Province consists of the central administration of the Province, decentralized provincial institutions, provincial enterprises, trust funds formed (in whole or in part) with provincial funds, and the social security institutions.

The provincial budget and public accounts reflect the consolidated results of the institutions and agencies that comprise the central administration of the Province, decentralized institutions and social security institutions. The Province does not consolidate the results of its municipalities, provincial enterprises and other agencies.

The following table shows the Province's fiscal results in nominal pesos from 2011 through June 30, 2016.

**Fiscal Results**  
(in millions of nominal pesos, except as otherwise indicated)

	For the year ended December 31,					For the six-month period ended June 30,			
	2011	2012	2013	2014	2015	2015 (U.S.\$) millions <sup>(1)</sup>	2015	2016	2016 (U.S.\$) millions <sup>(1)</sup>
Current Revenues.....	27,895.47	35,009.28	46,105.62	62,459.13	83,610.26	9,020.42	37,332.52	54,433.71	3,619.26
Current Expenditures .....	28,008.89	34,559.50	44,821.36	61,442.78	83,476.99	9,006.04	37,381.40	51,164.61	3,401.90
Current Account Balance .....	(113.43)	449.78	1,284.26	1,016.35	133.27	14.38	(48.88)	3,269.10	217.36
Capital Revenues .....	788.63	816.30	1,062.73	1,663.02	1,838.18	198.31	953.56	1,284.58	85.41
Capital Expenditures .....	2,318.06	1,660.91	2,675.83	4,344.92	7,010.67	756.36	3,003.88	3,337.45	221.90
<b>Total Revenues .....</b>	<b>28,684.09</b>	<b>35,825.58</b>	<b>47,168.35</b>	<b>64,122.15</b>	<b>85,448.44</b>	<b>9,218.73</b>	<b>38,286.08</b>	<b>55,718.29</b>	<b>3,704.67</b>
<b>Total Expenditures .....</b>	<b>30,326.95</b>	<b>36,220.40</b>	<b>47,497.19</b>	<b>65,787.70</b>	<b>90,487.66</b>	<b>9,762.40</b>	<b>40,385.28</b>	<b>54,502.06</b>	<b>3,623.81</b>
<b>Primary Balance (excludes interest expenses) .....</b>	<b>(1,613.41)</b>	<b>(367.80)</b>	<b>(306.40)</b>	<b>(1,637.82)</b>	<b>(4,966.72)</b>	<b>(535.84)</b>	<b>(2,086.22)</b>	<b>1,319.73</b>	<b>87.75</b>
Financial Balance.....	(1,642.86)	(394.82)	(328.85)	(1,665.55)	(5,039.22)	(543.66)	(2,099.20)	1,216.23	80.87
Financing Sources.....	4,190.21	4,455.90	6,150.36	7,778.47	2,558.98	276.08	8,556.90	11,597.79	771.13
Use of financing.....	2,547.34	4,061.07	5,821.52	6,112.93	1,273.30	137.37	6,129.73	12,291.46	817.25
<b>Total Results.....</b>	<b>(1,642.86)</b>	<b>394.82</b>	<b>328.85</b>	<b>1,665.55</b>	<b>(3,753.55)</b>	<b>(404.96)</b>	<b>327.97</b>	<b>522.56</b>	<b>34.74</b>

**Source:** General Accounting Office of the Province.

<sup>(1)</sup> Peso amounts for the year ended December 31, 2015 have been converted into U.S. dollars solely for the convenience of the reader at a rate of Ps. 9.269 per U.S.\$ 1.00, which was the average rate published by the *Banco de la Nación Argentina* in 2015. Peso amounts as of June 30, 2016 have been converted into U.S. dollars solely for the convenience of the reader at a rate of Ps. 15.04 per U.S.\$ 1.00, which was the average rate published by the *Banco de la Nación Argentina* in the six-month period ended June 30, 2016. The U.S. dollars equivalent information should not be construed to imply that the peso amounts represent or could have been or could be converted into U.S. dollars at such rates or any other rate.

In 2015, the Province's total deficit increased to Ps. 3.7 billion in 2015 from Ps. 642.9 million in 2014. This increase was principally due to the increase in the primary deficit to Ps. 5.0 billion, compared to a primary deficit of Ps. 1.6 billion in 2014. The increase in the primary deficit was driven by the increase in capital expenditures.

In November 2015, the Supreme Court of Argentina ruled that the withholding by the federal government of certain co-participation revenues was unconstitutional (See "—Federal Tax Co-Participation Regime"). If the federal government had not withheld such amounts in 2015, the Province would have received an additional Ps. 4.8 billion in federal tax transfers in 2015 (net of revenue sharing to municipalities and boroughs), which would have resulted in a primary deficit of Ps. 699.1 million instead of a primary deficit of Ps. 5.0 billion.

The Ps. 3.7 billion total deficit in 2015 was offset during the first quarter of 2016 with a Ps. 1.5 billion surplus and the dedication of funds from the Integrated Fund of Official Accounts (IFOA), which is a treasury arrangement that allows the provincial treasury to apply positive balances generated by the institutions and agencies that comprise the central administration of the Province, decentralized institutions and social security institutions to cover temporary deficits of the central administration. The provincial treasury is not required to return the applied funds as long as the aggregate balance of all such institutions and agencies is positive.

**Main Sources of Revenues**

From 2011 through 2015, approximately 67% of the Province's revenues were derived from national and provincial taxes. On average, during this period, provincial taxes represented 36.1% of total tax revenues, while federal tax transfers represented 63.9% of total tax revenues.

## Tax Revenues

The following table set forth the composition of the Province's tax revenues (including federal transfers) for the periods indicated:

### Composition of Tax Revenues (in millions of nominal pesos)

	For the year ended December 31,					For the six-month period ended June 30,	
	2011	2012	2013	2014	2015	2015	2016
<b>Federal Tax Transfers</b>							
Federal Tax Co-Participation.....	9,181.62	10,472.28	13,720.79	18,927.28	24,611.02	11,137.39	20,780.51
Education Financing .....	-	1,182.86	1,454.38	1,820.87	4,356.63	1,981.75	2,817.99
Conurbano Fund .....	1,137.84	1,478.60	1,986.00	2,930.43	4,197.90	1,911.86	2,327.25
FONAVI.....	151.12	212.52	279.93	386.49	476.46	231.31	257.71
Highway Fund .....	94.78	109.66	150.47	198.70	239.89	116.44	134.02
Others .....	1,446.68	1,729.84	2,189.05	2,858.35	3,567.84	1,857.99	2,094.08
<b>Total Federal Transfers.....</b>	<b>12,012.04</b>	<b>15,185.76</b>	<b>19,780.62</b>	<b>27,122.12</b>	<b>37,449.74</b>	<b>17,236.74</b>	<b>28,411.56</b>
<b>Provincial Taxes</b>							
Gross Revenue Tax.....	5,130.88	6,406.35	9,112.20	12,608.18	16,268.04	7,502.69	10,782.09
Real Estate Tax .....	566.89	678.66	1,133.12	1,454.21	1,892.71	951.66	1,347.68
Automobile Tax.....	53.91	64.41	80.27	102.60	148.00	80.31	110.37
Stamp Tax.....	873.05	989.98	1,289.06	1,611.62	2,317.60	1,021.05	1,452.12
Others .....	18.48	22.25	29.87	38.03	51.92	23.21	31.49
<b>Total Provincial Taxes.....</b>	<b>6,643.21</b>	<b>8,161.65</b>	<b>11,644.52</b>	<b>15,814.64</b>	<b>20,678.27</b>	<b>9,578.92</b>	<b>13,723.74</b>

Source: General Accounting Office of the Province.

*Federal Tax Co-Participation.* Under the tax co-participation system, the federal government is currently required to transfer to a federal co-participation fund 64.0% of income tax revenues, 89.0% of value-added tax revenues, 100.0% of revenues from the presumptive minimum income tax, 30.0% of banking debits and credits tax revenues, 100% of revenues from excise tax, and other minor taxes.

In November 2015, the Supreme Court of Argentina ruled against the federal government, in connection with cases brought by the Province and the Province of San Luis, whereby the 15.0% deduction from co-participation payments assessed on the provinces to fund the ANSeS was declared unconstitutional. The Court concluded that between 1992 and 2005 such deduction took place with the agreement of these provinces. However, since 2006 such deduction was made by the federal government without the consent of the provinces. The rulings include an order to return to those provinces the co-participation payments deducted since 2006. The Court's decision also calls for the enactment of a new revenue sharing regime. Pursuant to this ruling, the Province is entitled to receive approximately Ps. 18.8 billion, plus applicable interest, from the federal government in compensation for amounts incorrectly withheld in the past. An additional ruling issued by the Supreme Court of Argentina in November 2015 granted the province of Córdoba an injunction suspending the 15.0% deduction of the shared taxes carried to fund the ANSeS from that province.

In a separate ruling in November 2015, the Supreme Court of Argentina declared Sections 1.(a) and 4 of Decree No. 1,399/01, which granted the *Administración Federal de Ingresos Públicos* (Federal Agency of Public Revenue, or "AFIP") the right to fund itself from co-participation revenues, unconstitutional and ordered the AFIP to discontinue withholding any amounts that may result from applying such decree, as applicable to the Province, and to reimburse any sums withheld from the Province on account of Sections 1.(a) and 4 of Decree No. 1,399/01 since August 7, 2003. Under this ruling, the Province is entitled to receive approximately Ps. 4.7 billion, plus applicable interest, from the federal government in compensation for amounts incorrectly withheld in the past.

*Other Federal Tax Transfers.* The principal tax transfers by the federal government include the *Fondo Nacional de la Vivienda* (National Housing Fund, or "FONAVI"), the *Fondo de Vialidad* ("Highway Fund"),

the *Fondo Nacional de Incentivo Docente* (“Federal Teachers’ Incentive Fund”), and the *Fondo Para Obras de Carácter Social* (“Fund for Socially-Oriented Public Works”), commonly known as the *Fondo del Conurbano* (“Conurbano Fund”). In 2015, the Province received Ps. 476.5 million from the FONAVI, Ps. 239.9 million from the Highway Fund, Ps. 405.4 million from the Federal Teachers’ Incentive Fund and Ps. 4.2 billion from the Conurbano Fund.

In the six-month period ended June 30, 2016, the Province received Ps. 257.7 million from the FONAVI, Ps. 134.0 million from the Highway Fund, Ps. 484.7 million from the Federal Teachers’ Incentive Fund and Ps. 2.3 billion from the Conurbano Fund.

*Provincial Tax Revenues.* Historically, provincial tax revenues have been one of the most important sources of the Province’s revenue, totaling Ps. 20.7 billion in 2015. In 2015, gross revenue tax revenues accounted for Ps. 16.3 billion, real estate tax revenues accounted for Ps. 1.9 billion, automobile tax revenues accounted for Ps. 148.0 million and stamp tax revenues accounted for Ps. 2.3 billion.

In the six-month period ended June 30, 2016, gross revenue tax revenues accounted for Ps. 10.7 billion, real estate tax revenues accounted for Ps. 1.3 billion, automobile tax revenues accounted for Ps. 110.4 million and stamp tax revenues accounted for Ps. 1.5 billion.

*Provincial Non-Tax Revenues.* The Province derives non-tax revenues from various sources, including transfers of net profits or surpluses from unconsolidated provincial agencies and enterprises, including the *Caja de Asistencia Social-Lotería de Santa Fe* (Social Assistance Institute-Lottery of Santa Fe, or “Lottery”); proceeds from the sale of assets and loan recovery; revenues from collecting fees (for services provided to third parties) and fines; interest accrued on the Province’s loans to municipalities or other unconsolidated provincial agencies and enterprises; and proceeds from the lease of provincial land. In 2015, non-tax revenues increased by 25.8%, or to Ps. 1.0 billion from 2014.

In the six-month period ended June 30, 2016, non-tax revenues increased by 32%, or to Ps.3.0 billion from the same period in 2015.

### *Composition of Expenditures*

The following table set forth the composition of the Province’s expenditures for the periods indicated:

	<b>Composition of Expenditures</b>					<b>(in millions of nominal pesos)</b>	
	<b>For the year ended December 31,</b>					<b>For the six-month period</b>	
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2015</b>	<b>2016</b>
<b>Current Expenditures</b> .....	<b>28,008.89</b>	<b>34,559.50</b>	<b>44,821.36</b>	<b>61,442.78</b>	<b>83,476.99</b>	<b>37,381.40</b>	<b>51,164.61</b>
Personnel.....	12,397.66	15,677.50	19,997.86	27,332.90	37,436.97	17,045.22	23,185.85
Good and Services.....	3,774.14	4,385.65	5,935.01	8,473.90	12,044.20	5,068.29	6,443.59
Property Rent.....	31.35	27.40	22.46	27.94	74.38	14.05	103.54
Social Security Benefits.....	4,911.41	6,280.43	8,131.64	11,347.83	15,232.04	7,033.00	9,739.55
Current Transfers.....	5,443.38	6,461.50	8,316.99	11,384.13	14,928.20	6,563.71	9,495.54
Miscellaneous.....	1,450.95	1,727.03	2,417.40	2,876.07	3,707.21	1,657.13	2,196.54
<b>Capital Expenditures</b> .....	<b>2,318.06</b>	<b>1,660.91</b>	<b>2,675.83</b>	<b>4,344.92</b>	<b>7,010.67</b>	<b>3,003.88</b>	<b>3,337.45</b>
Capital Investments.....	1,408.65	1,095.48	1,868.64	2,662.76	4,810.85	1,797.19	2,281.30
Capital Transfers.....	686.28	459.59	711.86	1,563.58	1,995.63	1,104.92	1,003.87
Loans and Capital Contributions.....	223.13	105.84	95.33	118.58	204.19	101.77	52.28
<b>Total Expenditures</b> .....	<b>30,326.95</b>	<b>36,220.40</b>	<b>47,497.19</b>	<b>65,787.70</b>	<b>90,487.66</b>	<b>40,385.28</b>	<b>54,502.06</b>

*Source:* General Accounting Office of the Province.

### *Current Expenditures*

*Personnel.* Personnel expenditures, which consist mainly of wages and other benefits paid to employees of the general provincial administration, are the largest component of the Province’s total expenditures. In 2015, personnel expenditures increased by 36.7% from 2014, to Ps. 37.4 billion.

In the six-month period ended June 30, 2016, personnel expenditures increased by 36% from the same period in 2015, to Ps. 23.2 billion.

*Goods and Services.* In 2015, goods and services acquired by the Province increased by 42.1% from 2014, to Ps. 12.0 billion.

In the six-month period ended June 30, 2016, goods and services acquired by the Province increased by 27.1% from the same period in 2015, to Ps. 6.4 billion.

*Current Transfers.* Pursuant to provincial law, the Province is required to transfer to its municipalities and boroughs 13.4% of revenues collected by the Province pursuant to the gross revenue tax, 50% of revenues collected from the real estate tax, and 90% of the automobile tax (except for late payments received the year after they are accrued, in which case the Province transfers 100% of the revenues to its municipalities and boroughs). The Province also receives federal transfers to finance education and transfers part of those funds to its municipalities and boroughs. Transfers to municipalities and boroughs accounted for 46% of the total current transfers during 2015. The balance of current transfers includes transfers allocated to finance several social programs, grant subsidies to private schools and community kitchens. In 2015, current transfers increased by 31.1% from 2014, to Ps. 14.9 billion.

In the six-month period ended June 30, 2016, current transfers increased by 44.7% from the same period in 2015, to Ps. 9.5 billion.

#### *Capital Expenditures*

*Capital Investment.* Most capital investments reflect public works, such as hydraulic and waterworks, housing, roads and construction of public buildings, among other investments. Other capital investments include the purchase of new capital goods such as hospital equipment, automobiles and computers. In 2015, capital investments increased by 80.7% from 2014, to Ps. 4.8 billion.

In the six-month period ended June 30, 2016, capital investments increased by 26.9% from the same period in 2015, to Ps. 2.3 billion.

*Loans and Capital Contributions.* Comprises loans to municipalities and boroughs, principally for public works and low-cost housing. In 2015, loans and capital contributions increased by 72.2% from 2014, to Ps. 204.2 million.

In the six-month period ended June 30, 2016, loans and capital contributions decreased by 48.6% from the same period in 2015, to Ps. 52.3 million.

*Capital Transfers.* In 2015, capital transfers amounted to Ps. 2.0 billion as compared to Ps. 1.6 billion in 2014, including Ps. 770.1 million in transfers to municipalities and boroughs (Ps. 724.8 million in 2014), and Ps. 953.2 million in transfers to provincial enterprises (Ps. 680.6 million in 2014).

In the six-month period ended June 30, 2016, capital transfers amounted to Ps. 1.0 billion, including Ps. 618.5 million in transfers to municipalities and boroughs, and Ps. 263.5 million in transfers to provincial enterprises.

#### **2016 Budget and Proposed 2017 Budget**

The annual budget represents an estimate of the Province's revenues for the budgeted year on the basis of assumptions regarding economic activity in Argentina and the Province, and of the necessary expenditures to provide public services and comply with the Province's financial obligations. In addition, the budget, when approved, represents the amount that the Province is authorized to spend and sets limits on the amounts the Province is authorized to borrow.



On December 16, 2015, the legislature approved the 2016 Budget. The 2016 Budget was approved against the backdrop of a Ps. 3.7 billion deficit in 2015. The 2016 Budget contemplates major public works mostly related to infrastructure. See “Public Sector Finances—2016 Budget—Public Works”

The 2016 Budget represents the Province’s forecast with respect to economic activity in Argentina and the Province in 2016. While the Province believes that its assumptions and targets were reasonable when formulated, most factors influencing the Province’s economy are beyond the Province’s control or significant influence, and actual outcomes will depend on actual developments. Accordingly, no assurance can be given that economic results for 2016 will not differ materially from the figures set forth in the 2016 Budget. See “Risk Factors—Risks Relating to the Province—The budgeted revenues and expenditures of the Province’s 2016 Budget are expected to differ materially from actual results.” The 2016 Budget does not include the proceeds the Province expects to receive from the issuance of the notes or payments from the federal government as a result of the Supreme Court of Argentina’s rulings (See “Public Sector Finances—Federal Tax Co-Participation Regime”).

#### *Public Works*

The 2016 Budget contemplates major budgeted public works, including the following:

- Capital expenditures of Ps. 1.5 billion budgeted for the construction, paving and improvement of roads. The Roads Department’s principal projects include:
  - the renovation of provincial highways, with a budgeted expenditure exceeding Ps. 450 million;
  - construction of provincial Highway No. 91 to Serodino, La Rivera, with a budgeted expenditure of Ps. 70 million;
  - construction of provincial Highway No. 9 to Santa Teresa, Alcotra, with a budgeted expenditure of Ps. 73 million;
  - works to add road markings, with a budgeted expenditure of Ps. 85 million; and
  - construction of a bridge over the Carcarañá river, Provincial Route 26, with a budgeted expenditure of Ps. 45 million.
- Within the construction sector:
  - Ps. 962.2 million have been budgeted for education and culture; and
  - Ps. 765.7 million have been budgeted for housing and urbanization.
- Ps. 691.6 million have been budgeted for capital investments related to healthcare to ensure the continued financing and development of the Nodales de Reconquista, Venado Tuerto, Rosario, Santa Fe and Rafaela hospitals; the construction and refurbishment of the Specialized Medical Center in Santa Fe; and the renovation of other hospitals;
- Ps. 557.5 million have been budgeted for works related to the supply of drinking water through water treatment and distribution facilities, including the North and Northeast Aqueduct projects; and
- Additional capital expenditures include budgeted transfers of Ps. 722.5 million to finance works on behalf of ASSA, such as the water treatment facility Granadero Baigorria for a total of Ps. 169.4 million; the unification of Rosario and Santa Fe water and sewage networks to improve the quality of the service; and sewerage systems in Empalme Granaderos III and Larrea for a total of Ps. 101.4 million each.

*Proposed 2017 Budget Law.* On October 3, 2016, the executive branch of the Province submitted to the legislature the budget for the fiscal year ended December 31, 2017, which is awaiting approval. The proposed 2017 budget bill represents the Province executive branch’s forecast with respect to economic activity in Argentina and the Province in 2017. In preparing the proposed 2017 budget, the executive branch of the Province followed certain of the assumptions made in the Federal Government’s proposed 2017 budget, namely a projected real national GDP

growth of 3.5%, a 17% annual inflation rate and an average peso-U.S. dollar exchange rate of Ps. 17.92 per U.S.\$ 1.00.

One of the cornerstones of the proposed 2017 provincial budget bill is the development of public works projects. The proposed bill contemplates a significant increase in the amount allocated to public works projects when compared to the amount budgeted for such purposes in 2016. In addition, the proposed bill includes the net proceeds from this offering as a source of financing, among others, for the public works approved by Law No. 13,543. Overall, net proceeds from this offering (assuming a U.S.\$ 500.0 million issuance) are expected to cover 43% of the total expenditures budgeted for public works in 2017. Moreover, the proposed 2017 budget assumes an increase in federal tax transfers as a result of the discontinuation of the withholdings made in the past by the federal government in connection with the federal tax co-participation regime, as a result of the Supreme Court of Argentina's rulings from November 2015. See "Public Sector Finances—Federal Tax Co-Participation Regime."

The Province cannot assure you that the 2017 budget will be approved as proposed or that the fiscal targets and economic assumptions set forth above will be achieved, as they depend on a variety of factors, including overall economic conditions. See "Risk Factors—Risks Relating to the Province—The revenues and expenditures contained in the Province's proposed 2017 budget may differ materially from actual results."

### **Public Sector Debt**

The Province's total indebtedness amounted to U.S.\$ 269.2 million and Ps. 112.5 million, U.S.\$ 259.7 million and Ps. 68.9 million, U.S.\$ 215.8 million and Ps. 40.2 million, U.S.\$ 179.8 million and Ps. 18.4 million, and U.S.\$ 152.1 million and Ps. 115.3 million, as of December 31, 2011, 2012, 2013, 2014 and 2015, respectively. As of June 30, 2016, the Province's total indebtedness amounted to U.S.\$135.9 million and Ps. 192.8 million.

As of December 31, 2015, 5.4% of the Province's total indebtedness was denominated in pesos, with the remaining 94.6% denominated in U.S. dollars. Also, as of December 31, 2015, 29.3% of the Province's indebtedness was short-term, while 70.7% was medium-term and long-term, and 7.4% accrued interest at a fixed rate, while the remaining 92.6% accrued interest on a floating rate basis. As of June 30, 2016, 8.6% of the Province's total indebtedness was denominated in pesos, with the remaining 91.4% denominated in U.S. dollars. In addition, as of June 30, 2016, 33.2% of the Province's indebtedness was short-term, while 66.8% was medium-term and long-term, and 6.5% accrued interest at a fixed rate, while the remaining 93.5% accrued interest on a floating rate basis.

### ***Debt Denominated in Foreign Currencies***

#### ***Multilateral Loans***

The World Bank and the Inter-American Development Bank ("IDB") have extended several credit facilities to finance various projects in the Province, such as road construction, water and wastewater infrastructure, modernization of public administration, and education and health reforms. The latest maturity under these credit facilities occurs in 2039. In most cases, these facilities are advanced to the federal government, which on-lends the proceeds to the relevant provincial agencies or entities. See "Public Sector Debt—Debt Denominated in Foreign Currencies—Multilateral Loans."

## The Offering

The following is a brief summary of some of the terms of this offering. For a more complete description of the terms of the notes, see “Description of the Notes” in this offering memorandum.

<b>Issuer</b> .....	The Province of Santa Fe
<b>Notes Offered</b> .....	U.S.\$250,000,000 aggregate principal amount of 6.900% notes due 2027
<b>Issue Price</b> .....	100.000% plus accrued interest, if any, from November 1, 2016
<b>Maturity</b> .....	November 1, 2027
<b>Amortization</b> .....	The notes will pay principal in three installments: 33.33% on November 1, 2025, 33.33% on November 1, 2026, and 33.34% on November 1, 2027.
<b>Interest</b> .....	The notes will accrue at a rate of 6.900% per year, payable semi-annually in arrears on May 1 and November 1 of each year, beginning on May 1, 2017.
<b>Ranking</b> .....	<p>The notes will constitute direct, general, unconditional and unsubordinated obligations of the Province for which the full faith and credit of the Province is pledged. The notes will rank without any preference among themselves and equally with all other unsubordinated public external indebtedness (as defined below) of the Province. It is understood that this provision will not be construed so as to require the Province to make payments under any series of the notes ratably with payments being made under any other public external indebtedness. See “Description of the Notes—Ranking.”</p> <p>The notes will be unsecured and will not have the benefit of any collateral.</p> <p>As of March 31, 2016, the Province had approximately total outstanding consolidated indebtedness of approximately Ps. 2.3 billion (or approximately U.S.\$156.2 million). U.S.\$147.1 million of the Province’s outstanding debt is secured (<i>cesión fiduciaria</i>) with federal tax co-participation payments to which it is entitled, and, as a result, is effectively senior to the notes to the extent of such collateral. See “Public Sector Debt—Pledge of Tax Co Participation Revenues.”</p>
<b>Collective Actions</b> .....	The notes will contain provisions commonly known as “collective action clauses.” Under these provisions, the Province may amend the payment provisions of any series of debt securities issued under the indenture (including any series of the notes) and other reserved matters listed in the indenture with the consent of the holders of: (i) with respect to a single series of debt securities, more than 75% of the aggregate principal amount of the outstanding debt securities of such series; or (ii) with respect to two or more series of debt securities, more than 66 2/3% of the aggregate principal amount of the outstanding debt securities of all series affected by the proposed modification, taken in the aggregate, and more than 50% of the

	<p>aggregate principal amount of the outstanding debt securities of each series affected by the proposed modification, taken individually. See “Description of the Notes—Meetings, Amendments and Waivers—Collective Action.”</p>
<b>Additional Amounts .....</b>	<p>The Province will make payments in respect of the notes without withholding or deduction for or on account of any present or future taxes or other governmental charges assessed by Argentina or the Province or any authority therein unless required by law, in which case, subject to specified exceptions, the Province will pay such additional amounts as may be required so that the net amount received by the holders of the notes will be the same amount that would have been received in the absence of any such withholding or deduction. See “Description of the Notes—Additional Amounts.”</p>
<b>Covenants .....</b>	<p>The indenture governing the notes will contain covenants that, among other things, will limit the Province’s ability to incur indebtedness that is secured by liens on its assets.</p> <p>These covenants are subject to important exceptions and qualifications, which are described under the heading “Description of the Notes—Covenants” in this offering memorandum.</p>
<b>Use of Proceeds .....</b>	<p>The gross proceeds from the offering, before deducting commissions and offering expenses, will be U.S.\$250.0million. The Province intends to use the net proceeds to finance public works projects pursuant to provincial Law No. 13,543. See “Use of Proceeds.”</p>
<b>Further Issuances .....</b>	<p>The Province may, from time to time, without notice to or consent of the holders of the notes, create and issue additional notes having the same terms and conditions (except for the issue date, issue price, and if applicable, first interest payment date) as, and forming a single series with, the notes initially issued in this offering. Any additional notes subsequently issued that are not fungible with the previously outstanding notes for U.S. federal income tax purposes shall have a separate CUSIP, ISIN or other identifying number from the previously outstanding notes.</p>
<b>Registration and Book-Entry System</b>	<p>The notes will be issued in the form of one or more global notes without interest coupons, registered in the name of a nominee of The Depository Trust Company, or DTC, as depository, for the accounts of its direct and indirect participants including Euroclear Bank S.A./N.V., as operator of the Euroclear system, or Euroclear, and Clearstream Banking <i>société anonyme</i>, or Clearstream. The notes will be issued in minimum denominations of U.S.\$150,000 and integral multiples of U.S.\$1,000 in excess thereof. See “Description of the Notes—General.”</p>
<b>Transfer Restrictions.....</b>	<p>The notes have not been registered under the Securities Act and are subject to transfer restrictions. See “Notice to Investors.”</p>
<b>Governing Law .....</b>	<p>State of New York</p>
<b>Trustee, Registrar, Paying Agent and Transfer Agent.....</b>	<p>U.S. Bank National Association</p>
<b>Risk Factors .....</b>	<p>See “Risk Factors” beginning on page 13 and the other information in this offering memorandum for a discussion of factors you should carefully consider before deciding to invest in the notes.</p>

## RISK FACTORS

*An investment in the notes involves a significant degree of risk. Before deciding to purchase the notes, you should read carefully all of the information contained in this offering memorandum, including, in particular, the following risk factors.*

### Risks Relating to Argentina

***The Presidential elections and the change in the governing political party in Argentina may create certain uncertainties that could impact the Argentine and provincial economies and the securities market.***

Presidential and Congressional elections in Argentina took place on October 25, 2015, and a runoff election (ballotage) between the two leading Presidential candidates was held on November 22, 2015, which resulted in Mr. Mauricio Macri (from the *Cambiamos* coalition) being elected President of Argentina. The new administration assumed office on December 10, 2015.

Since assuming office, the new administration has announced and executed several significant economic and policy reforms, including:

- ***INDEC reforms.*** On January 8, 2016, based on its determination that INDEC had failed to produce reliable statistical information, particularly with respect to CPI, GDP, poverty and foreign trade data, the new administration declared a state of administrative emergency for the national statistical system and INDEC until December 31, 2016. As of the date of this offering memorandum, INDEC has begun publishing certain revised data, including foreign trade and balance of payment statistics and inflation rates, reporting an increase of 4.2% for May 2016 and of 3.1% for June 2016 using its new methodology for calculating the CPI. On June 29, 2016, the INDEC published a revised calculation of the 2004 GDP, which forms the basis of Argentina's real GDP calculation for every year thereafter (the "2016 Revised INDEC Report"). The adjustments made by the INDEC resulted in a determination of real GDP growth for the period 2004-2015 of 48.6%, as opposed to a 63% growth in real terms for the same period resulting from the information used prior to June 29, 2016. Such revised data from the 2016 Revised INDEC Report is included herein. See "—The credibility of several Argentine economic indices has been called into question, which has led to a lack of confidence in the Argentine economy and could affect your evaluation of this offering and/or the market value of the notes."
- ***Foreign exchange reforms.*** The new administration eliminated a significant portion of foreign exchange restrictions, including certain currency controls, that were imposed by the previous administration. These reforms are expected to provide greater flexibility and easier access to the MULC. The principal measures adopted as of the date of this offering memorandum include:
  - (i) the reestablishment of Argentine residents' rights to purchase and remit outside of Argentina foreign currency without limit and without specific allocation (*atesoramiento*) or need to obtain prior approval;
  - (ii) the effective elimination of a mandatory, non-transferable and non-interest bearing deposit in connection with certain transactions involving foreign currency inflows by reducing the amount of the deposit from 30% of such transactions to 0%;
  - (iii) the elimination of the requirement to transfer and settle the proceeds from new foreign financial indebtedness incurred by the foreign financial sector, the non-financial private sector and local governments through the MULC; except that access to the MULC for capital and interest services of foreign financial indebtedness require: (i) a sworn affidavit by the debtor confirming the presentation, if applicable, of the "Report of Issuances of Securities and Other Foreign Indebtedness of the Private Sector" and; (ii) the fulfillment of the Mandatory Minimum Stay Period for foreign financial indebtedness transferred through the MULC.

- (iv) the reduction of the Mandatory Minimum Stay Period, from 365 calendar days to 120 calendar days, applicable to the proceeds of any new financial indebtedness and renewal of existing indebtedness incurred by residents, held by foreign creditors and transferred through the MULC. See “—Exchange controls and restrictions on capital inflows and outflows carried by the Central Bank may continue to limit the availability of international credit and the liquidity of the market for securities of Argentine issuers, including Argentine provinces,” “—Fluctuations in the value of the peso could have a material adverse effect on the economies of Argentina and its provinces and their respective ability to service its debt obligations” and “Currency of presentation and Exchange Rates—Exchange Controls;”
  - (v) the replacement of the DJAI with a new import procedure that requires certain filings and import licenses for certain goods (including textiles, footwear, toys, domestic appliances and automobile parts) but does not contemplate discretionary Government approval of payments for the import of products through the MULC;
  - (vi) in the case of partial or total prepayment of principal corresponding to foreign financial indebtedness transferred through the MULC, access to the MULC is permitted subject to the Mandatory Minimum Stay Period mentioned above (whereby the fulfillment of the Mandatory Minimum Stay Period shall not be applicable to foreign financial indebtedness not transferred through the MULC); and
  - (vii) the elimination of the requirement of a minimum holding period (72 business hours) related to the purchase and sale of securities authorized to be listed or negotiated in different local and international stock exchange markets.
- *Foreign trade reforms.* The federal government eliminated export duties on wheat, corn, beef, mining and regional products, and reduced the duty on soybean exports by 500 bps, from 35% to 30%. Further, a 5% export duty on most industrial exports was eliminated. With respect to payments for imports and services to be performed abroad, the new administration announced the elimination of amount limitations for access to the MULC for any new transactions as of December 17, 2015 and for existing debts for imports of goods and services as of April 22, 2016.
  - *Fiscal Policy.* The new administration took steps to anchor the fiscal accounts, reducing the primary fiscal deficit to approximately 5.4% of GDP in December 2015 through a series of tax and other measures, such as the elimination of subsidies and the reorganization of certain expenditures.
  - *Correction of monetary imbalances.* The new administration announced the adoption of an inflation targeting regime in parallel with the floating exchange rate regime and set inflation targets for the next four years. The Central Bank has increased sterilization efforts to reduce excess monetary imbalances and raised peso interest rates to offset inflationary pressure.
  - *National electricity state of emergency and reforms.* Following years of very limited investment in the energy sector, as well as the continued freeze on electricity and natural gas tariffs since the 2001-2002 economic crisis, Argentina began to experience energy shortages in 2011. In response to the growing energy crisis, the new administration declared a state of emergency with respect to the national electricity system, which will remain in effect until December 31, 2017. The state of emergency will allow the federal government to take actions designed to ensure the supply of electricity to the country, such as instructing the Federal Ministry of Energy and Mining (*Ministerio de Energía y Minería de la Nación*) to design and implement, with the cooperation of all federal public entities, a coordinated program to guarantee the quality and security of the electricity system. In addition, the new administration announced the elimination of certain energy subsidies currently in effect and a substantial increase in electricity rates. Resolution No. 6/2016 of the Federal Ministry of Energy and Mining establishes increases in seasonal reference prices for power and energy between January 1, 2016 and April 30, 2016, thereby significantly reducing existing subsidies. As a result, average prices are expected to increase by 500% or more. By

correcting tariffs, modifying the regulatory framework and reducing the federal government's role as an active market participant, the new administration aims to correct distortions in the energy sector and stimulate investment. On August 3, 2016, a federal court in San Martin suspended the increase in electricity tariffs across the country until a public hearing to discuss the electricity tariffs increase is set. The case was brought before the Supreme Court of Argentina, which denied the injunctions that suspended the increase in tariffs, arguing formal objections and procedural defects. On September 6, 2016, the federal government announced that a public hearing for increases in electricity tariffs is scheduled for October 28, 2016.

- *Tariff increases.* With the aim of encouraging companies to invest and improve the services they offer and enabling the federal government to assist those in need, the new administration has begun updating the tariffs for electricity, transportation, gas and water services. Each of the announced tariff increases includes the *tarifa social* (social tariff), a reduced tariff, which is designed to provide support to vulnerable groups, including beneficiaries of social programs, retirees and pensioners that collect up to two minimum pensions, workers that collect up to two minimum salaries, individuals with disabilities, individuals registered in the *Monotributo Social* program, domestic workers and individuals receiving unemployment insurance. Subsequent modifications to these announced tariff increases were made with the aim of addressing specific circumstances, including the following:
  - (i) electricity consumers in the provinces of Chaco, Corrientes, Formosa and Misiones who lack access to the natural gas pipeline system and are eligible to receive the *tarifa social federal* (federal social tariff) will receive up to 300 kWh per month of free electricity (increased from 150 kWh per month) as of June 1, 2016;
  - (ii) the electricity and natural gas tariffs increases were adjusted for the residential users of Tierra del Fuego, Santa Cruz, Chubut, Río Negro, Neuquén and La Pampa, for whom the increases will not exceed 400%;
  - (iii) small and medium-sized enterprises in the commercial, industrial and tourism sectors will pay only 50% of the energy tariff increases during the winter months, and the balance in two installments during the summers of 2016 and 2017, when monthly gas consumption is lower;
  - (iv) 400 designated energy-intensive companies that purchase electricity directly from distributors will receive a 20% discount in the distribution price; and
  - (v) natural gas tariffs increases were adjusted for residential users and small and medium-sized enterprises, consequently the increases will not exceed 400% of the amount of the last invoice received for residential users, and for small and medium-sized enterprises and hotels, the increases will not exceed 500% of the amount of the last invoice received. On June 7, 2016, a federal court in the city of La Plata suspended the increase in gas tariffs across the country. The case was brought before the Supreme Court of Argentina, and on August 18, 2016, the Supreme Court of Argentina confirmed the suspension of gas tariffs increase to residential customers, arguing that tariffs increase could not be established without public hearings. On September 16, 2016, the Ministry of Energy and Mining conducted a public hearing and informed that a new end-user gas tariff scheme will be announced during October 2016.

As of the date of this offering memorandum, the impact that these measures taken by the new administration will have on the Argentine economy as a whole cannot be predicted. In addition, there is uncertainty as to which measures announced during the Presidential election campaign the new administration will implement and the timing of such implementation. In particular, we cannot predict how the new administration will address certain political and economic issues that were central during the Presidential election campaign, such as the financing of public expenditures, public service subsidies and tax reforms, or the impact that any measures related to these issues that are implemented by the new administration will have on the Argentine economy as a whole. Additionally, in the recent elections, political parties opposed to the new administration retained a majority of the

seats in the Argentine Congress, which will require the new administration to seek political support from the opposition for its economic proposals. This creates further uncertainty in the ability of the new administration to pass any measures. The inability of the new administration to properly implement measures as a result of lack of political support may adversely affect the Argentine economy and financial condition and, as a consequence, the economy and financial condition of the Province.

***If the current levels of inflation do not decrease, the Argentine economy and the economy of its provinces could be adversely affected.***

Historically, inflation has materially undermined the Argentine economy and the federal government's ability to create conditions that permit growth. In recent years, Argentina has experienced high inflation rates. See, "—The credibility of several Argentine economic indices has been called into question, which has led to a lack of confidence in the Argentine economy and could affect your evaluation of this offering and/or the market value of the notes."

In recent years, Argentina has confronted inflationary pressure, driven by significantly higher fuel, energy and food prices, among other factors. According to INDEC, the CPI increased 10.9% in 2010, 9.5% in 2011, 10.8% in 2012 and 10.9% in 2013. Since 2014, following the implementation of methodology changes for its reports, INDEC has released CPI increases of 23.9% for 2014. In 2015, the inflation rate as measured by the City of Buenos Aires CPI and the San Luis Province was 26.9% and 31.6%, respectively.

In January, February, March and April 2016, the monthly inflation rate as measured by the City of Buenos Aires CPI was 4.1%, 4.0%, 3.3% and 6.5%, respectively, while according to the Province of San Luis CPI, the inflation rate was 4.2%, 2.7%, 3.0% and 3.4%, respectively. On June 15, 2016, the INDEC resumed publishing inflation rates, reporting an increase of 4.2% for May 2016, 3.1% for June 2016, 2.0% for July 2016 and 0.2% for August 2016, using its new methodology for calculating the CPI. In the past, the federal government implemented programs to control inflation and monitor prices for essential goods and services, including attempts to freeze the prices of certain supermarket products, and price support arrangements agreed between the federal government and private sector companies in several industries and markets that did not address the structural causes of inflation and failed to reduce inflation. Recent adjustments approved by the government in electricity and gas tariffs, as well as the increase in the price of gasoline, have been passed through to prices, creating additional inflationary pressure. See "—The Presidential elections and the change in the governing political party in Argentina may create certain uncertainties that could impact the Argentine and provincial economies and the securities market."

High inflation rates affect Argentina's foreign competitiveness, social and economic inequality, negatively impact employment and the level of economic activity and undermine confidence in Argentina's banking system, which could further limit the availability of domestic and international credit and political stability.

Inflation remains a challenge for Argentina given its persistent nature in recent years. The new administration has announced its intention to reduce the primary fiscal deficit as a percentage of GDP over time and also reduce the federal government's reliance on Central Bank financing. If, despite the measures adopted by the new administration, these measures fail to address Argentina's structural inflationary imbalances, the current levels of inflation may continue and have an adverse effect on Argentina's economy and financial condition, which, in turn, would adversely affect the Province's economy.

The Province cannot give assurances that inflation rates will not continue to escalate in the future or that the measures adopted or that may be adopted by the federal government to control inflation will be effective or successful. Significant inflation could have a material adverse effect on the Province's economic growth and its ability to service its debt obligations, including the notes.



***The credibility of several Argentine economic indices has been called into question, which has led to a lack of confidence in the Argentine economy and could affect your evaluation of this offering and/or the market value of the notes.***

Under the previous administration, INDEC, the federal government's principal statistical agency, underwent institutional and methodological reforms that gave rise to controversy regarding the reliability of the information that it produced, including inflation, GDP, unemployment and poverty data. Reports published by the International Monetary Fund ("IMF") have stated that their staff uses alternative measures of inflation for macroeconomic surveillance, including data produced by private sources, which have shown inflation rates considerably higher than those published by INDEC between 2007 and 2015. The IMF also censured Argentina for failing to make sufficient progress, as required under the Articles of Agreement of the IMF, in adopting remedial measures to address the quality of official data, including inflation and GDP data.

On January 8, 2016, based on its determination that INDEC had failed to produce reliable statistical information, particularly with respect to CPI, GDP and foreign trade data, poverty and unemployment rates, the new administration declared a state of administrative emergency for the national statistical system and INDEC until December 31, 2016. INDEC suspended publication of certain statistical data pending reorganization of its technical and administrative structure to recover its ability to produce sufficient and reliable statistical information. During the first six months of this reorganization period, INDEC published official CPI figures published by the City of Buenos Aires and the Province of San Luis for reference. Certain revised foreign trade, balance of payment and GDP data for the years 2011 through 2015 and the CPI for May, June and July 2016 were released by the INDEC after the state of administrative emergency was declared on January 8, 2016, and are included in this offering memorandum. On August 31, 2016, the IMF Executive Board met to consider the progress made by Argentina in improving the quality of official GDP and CPI data. The IMF Executive Board noted the important progress made in strengthening the accuracy of Argentina's statistics and alluded to the possibility of lifting its censure on Argentina by November 2016.

The federal government's announced reforms seeking to produce official data that meets international standards. In order to be effective, such reforms require, however, that data be collected on a timely basis and other implementation steps that the federal government does not control. If these reforms cannot be successfully implemented, such failure may adversely affect the Argentine economy, in particular by undermining expectations that its performance will improve. INDEC's past or future data may be materially revised to reveal a different economic or financial situation in Argentina, which could affect your investment decision with respect to the notes and your evaluation of the notes' market value. In addition, uncertainty with respect to the success of the measures taken to implement the expected changes may impair measures taken by the Central Bank to tackle inflation, which, in turn, could have a negative impact on Argentina's economy and financial condition which, in turn, could adversely affect the Province's economy and its ability to repay the notes. See "—If current levels of inflation continue, the Argentine economy could be adversely affected."

***Measures taken by the federal government in the future, including in response to social and political pressures, may have a material adverse effect on the Argentine economy and the economies of one or more provinces.***

Because the Province is a political subdivision of Argentina, the Province's economic performance and public finances are subject to general economic conditions in Argentina and may be significantly affected by national events, such as the 2001 national economic crisis and resulting political and social instability, and by decisions and measures adopted by the federal government, including those related to inflation, monetary policy and taxation. The Province does not control any of these events or decisions. As a result, you should also carefully consider the economic and other information periodically made public by Argentina. The Province does not take part in the formulation of such information.

During its financial crisis in 2001 and 2002, Argentina experienced social and political turmoil, including civil unrest, riots, looting, nationwide protests, strikes and street demonstrations. During such crisis, the federal government adopted several measures to curb social unrest, including the devaluation of the peso and a forced restructuring of financial liabilities with the banking system.

Future federal government policies may include expropriation, nationalization, forced renegotiation or modification of existing contracts, suspension of the enforcement of creditors' rights, new foreign exchange controls, changes in taxation and/or export duties and changes in laws and policies affecting foreign trade and investment. The implementation of any such future policies or significant protests resulting therefrom could destabilize the country and adversely and materially affect the Argentine economy, and thereby the Province's economy and financial condition and ability to pay its debt obligations, including the notes.

***Exchange controls and restrictions on capital inflows and outflows imposed by the Central Bank may limit the availability of international credit and the liquidity of the market for securities of Argentine issuers, including Argentine provinces.***

In 2001 and 2002, following a run on the financial system triggered by the public's lack of confidence in the continuity of the convertibility regime that resulted in massive capital outflows, the federal government introduced exchange controls and restrictions on the transfer of foreign currency in an attempt to prevent capital flight and a further depreciation of the peso. These exchange controls substantially limited the ability of issuers of debt securities, among others, to accumulate or maintain foreign currency in Argentina or make payments abroad. Although several of such exchange controls and transfer restrictions were subsequently suspended or terminated, in June 2005 the federal government issued a decree that established new controls on capital flows, which resulted in a decrease in the availability of international credit for Argentine companies and Provinces.

In addition, from 2011 until the new administration took office in December 2015, the federal government increased controls on the sale of foreign currency and the acquisition of foreign assets by local residents, limiting the possibility of transferring funds abroad. Together with regulations established in 2012 that subjected certain foreign exchange transactions to prior approval by Argentine tax authorities or the Central Bank, the measures taken by the previous administration significantly curtailed access to the MULC by individuals and private sector entities. In response, an unofficial U.S. dollar trading market developed in which the peso-U.S. dollar exchange rate differed substantially from the official peso-U.S. dollar exchange rate.

As of the date of this offering memorandum, the new administration has eliminated a significant portion of the foreign exchange restrictions that developed under the previous administration. Notwithstanding the measures recently adopted by the new administration, if in the future the Central Bank and the federal government re-introduces exchange controls and imposes restrictions on capital transfers, such measures may negatively affect Argentina's international competitiveness, discouraging foreign investments and lending by foreign investors or increasing foreign capital outflows, which could have an adverse effect on economic activity in Argentina, which, in turn, could have a material adverse effect on the Province's economy and its ability to make payments under the notes. See "Exchange Controls."

***Fluctuations in the value of the Peso and the intervention of the Central Bank in the foreign exchange market may have a material adverse effect on the Argentine and provincial economies and the Province's ability to service its debt obligations, including the notes.***

Fluctuations in the value of the peso may also adversely affect the Argentine and provincial economies. The devaluation of the peso may have a negative impact on the federal government's revenues (measured in U.S. dollars), fuel inflation and significantly reduce real wages. Since Argentina adopted a managed floating exchange rate regime in 2002, the peso's value has varied over time. After several years of fluctuations in the nominal exchange rate, the peso lost approximately 14% of its value against the U.S. dollar in 2012. Despite increased Central Bank intervention and measures to limit Argentine residents' access to foreign currency, the peso devalued by 32.6% and 31.3% against the U.S. dollar in 2013 and 2014, respectively. In December 2015, the new administration eliminated a significant portion of the foreign exchange restrictions and the Central Bank returned to a free-float policy with interventions designed to enhance the operation of the foreign exchange market. Immediately after a significant portion of the foreign exchange controls were lifted, the peso devalued by approximately 40%, as the peso-U.S. dollar exchange rate reached Ps. 13.76 to U.S. \$1.00 on December 17, 2015. The peso has since floated freely with limited intervention by the Central Bank. The Province cannot give assurances that the U.S. dollar-peso exchange rate will not fluctuate significantly in the future. See "Defined Terms and Conventions—Currency of Presentation."

From time to time, the Central Bank may intervene in the foreign exchange market to influence exchange rates. Purchases of pesos by the Central Bank could cause a decrease in the international reserves of the Central Bank. A significant decrease in the Central Bank's international reserves may have an adverse impact on Argentina's ability to withstand external shocks to the economy.

A significant depreciation of the peso would, among other things, increase the cost of servicing the Province's foreign-currency denominated public debt. A significant appreciation in the value of the peso could, among other things, make provincial exports less competitive with goods from other sources. Either a significant depreciation or appreciation could have a material adverse effect on the Argentine and the provincial economy and the Province's ability to service its debt obligations, including the notes.

***Argentina's ability to obtain financing from international markets is limited, which may impair its ability to implement reforms and foster economic growth.***

In 2005 and 2010, Argentina conducted exchange offers to restructure part of its sovereign debt that had been in default since the end of 2001. As a result of these exchange offers, Argentina restructured over 92% of its eligible defaulted debt.

Commencing in 2002, holdout creditors filed numerous lawsuits against Argentina in several jurisdictions, including the United States, Italy, Germany, and Japan. These lawsuits generally assert that Argentina failed to make timely payments of interest and/or principal on their bonds, and seek judgments for the face value of and/or accrued interest on those bonds. Judgments have been issued in numerous proceedings in the United States and Germany, but to date judgment creditors have not succeeded, with a few minor exceptions, in executing on those judgments.

In 2012, plaintiffs in different actions in New York, obtained a U.S. district court order enjoining Argentina from making interest payments in full on the bonds issued pursuant to the 2005 and 2010 exchange offers unless Argentina paid the plaintiffs in full, under the theory that the former payments violated the *paripassu* clause in the 1994 Fiscal Agency Agreement (the "FAA") governing those non-performing bonds. The Second Circuit Court of Appeals affirmed the so-called *paripassu* injunctions, and on June 16, 2014 the U.S. Supreme Court denied Argentina's petition for a writ of certiorari and the stay of the *paripassu* injunctions was vacated on June 18.

In 2014, the federal government took a number of steps intended to continue servicing the bonds issued in the 2005 and 2010 exchange offers, which had limited success.

The new administration engaged in negotiations with holders of defaulted bonds in December 2015 with a view to bringing closure to 15 years of litigation. In February 2016, the federal government entered into agreements in principle to settle claims with certain holders of defaulted debt and put forward a general settlement proposal to holders of defaulted debt, including those with pending claims in U.S. courts, subject to two conditions: obtaining approval by the federal Congress and the lifting of the *paripassu* injunctions. On March 2, 2016, the U.S. district court agreed to vacate the *paripassu* injunctions, subject to two conditions: the repealing of all legislative obstacles to settlement with holders of defaulted debt securities issued under the FAA, and full payment to holders of *paripassu* injunctions with whom the federal government had entered into an agreement in principle on or before February 29, 2016. The U.S. district court's order was affirmed by the Second Circuit Court of Appeals on April 13, 2016. On March 31, 2016, the federal Congress repealed the legislative obstacles to the settlement and approved the settlement proposal. On April 22, Argentina issued U.S.\$ 16.5 billion of new debt securities in the international capital markets, and applied U.S.\$ 9.3 billion of these proceeds to satisfy settlement payments on agreements with holders. The District Court vacated all *paripassu* injunctions upon confirmation of such payments.

As of the date of this offering memorandum, litigation initiated by bondholders that have not accepted Argentina's settlement offer continues in several jurisdictions, although the size of the claims involved has decreased significantly.

Although the vacatur of the *paripassu* injunctions removed a material obstacle to access to capital markets by the federal government, future transactions may be affected as litigation with holdout bondholders continues,

which in turn could affect the federal government's ability to access international credit markets, and thus could have a material adverse effect on the Argentine and the Province's economies.

***The Argentine economy could be adversely affected by economic events in other markets, such as those precipitated by the United Kingdom's impending departure from the European Union, which could have a material adverse effect on the Province's economic growth and its ability to service its public debt.***

The Argentine economy is influenced, to varying degrees, by economic and financial conditions in other markets. Argentina is particularly affected by events in the economies of its main regional trading partners, such as Brazil, or countries such as the United States, India or China, which are either trading partners or have a significant bearing on world economic cycles. Although the Province's exports reach more than 100 countries, Brazil, India and China are the Province's three largest export markets. If interest rates increase significantly in developed countries, including the United States and Europe (particularly as a result of the United Kingdom's vote in favor of leaving the European Union on June 23, 2016 (the "Brexit")), Argentina and other emerging economies may find it more difficult and costly to obtain credit and refinance their current debt, which could negatively affect their economic growth. In order to effect the Brexit, a process of negotiation will determine the future terms of the United Kingdom's relationship with the European Union. Depending on the terms of Brexit, if any, the United Kingdom could lose access to the single EU market and to the global trade deals negotiated by the European Union on behalf of its members. The effects of the Brexit vote and the perceptions as to the impact of the withdrawal of the United Kingdom from the European Union may adversely affect business activity and economic and market conditions in the United Kingdom, the Eurozone and globally, and could contribute to instability in global financial and foreign exchange markets. In addition, Brexit could lead to additional political, legal and economic instability in the European Union. Also, if these countries fall into a recession, the Argentine economy would be impacted by a decline in its exports, particularly of its main agricultural commodities. All these factors could have a negative impact on Argentina's economy and consequences on the Province's economic growth.

The economy of Brazil, Argentina's largest export market and the principal source of imports, is currently experiencing heightened negative pressure due to the uncertainties stemming from the ongoing political crisis, including the impeachment of Brazil's president, that resulted in the Senate of Brazil removing Ms. Dilma Rousseff from office for the rest of her term. The Brazilian economy contracted by 3.8% during 2015, mainly due to a 8.0% decrease in industrial production. In addition, the Brazilian currency lost approximately 49.5% of its value relative to the U.S. dollar in 2015. Brazilian demand for provincial exports decreased 36.8%, or U.S.\$450.3 million, in 2015 compared to 2014. Although the Brazilian Real appreciated by approximately 17.2% against the U.S. dollar between March 1 and September 1, 2016 the Province cannot give assurances that the Brazilian demand for provincial exports will not continue to decrease. While the impact of Brazil's downturn on Argentina cannot be predicted, the Province cannot rule out the possibility that the Brazilian political and economic crisis could have a further negative impact on the Argentine economy and that of its provinces. Brazil is one of the Province's largest export market and, as such, a further decline in Brazilian demand for imports could have a material adverse effect on the Province's economic growth.

***The federal government has begun to implement significant measures to solve the current energy sector crisis, but the eventual outcome of such measures is unknown.***

Economic policies since the 2001-2002 crisis had an adverse effect on Argentina's energy sector. The failure to reverse the freeze on electricity and natural gas tariffs imposed during the 2001-2002 economic crisis created a disincentive for investments in the energy sector. Instead, the federal government sought to encourage investment by subsidizing energy consumption. The policy proved ineffective and operated to further discourage investment in the energy sector and caused production of oil and gas and electricity generation, transmission and distribution to stagnate while consumption continued to rise. To address energy shortages starting in 2011, the federal government increased imports of energy, with adverse implications for the trade balance and the international reserves of the Central Bank.

In response to the growing energy crisis, the new administration declared a state of emergency with respect to the national electricity system, which will be in effect until December 31, 2017. The state of emergency allows the federal government to take actions designed to stabilize the supply of electricity to the country, such as

instructing the Federal Ministry of Energy and Mining to design and implement, with the cooperation of all federal public entities, a coordinated program to guarantee the quality and security of the electricity system. In addition, the new administration eliminated certain energy subsidies and implemented significant adjustments to electricity rates to reflect generation costs. In June 2016, the federal government reached an agreement with provincial governments to limit certain of such electricity and natural gas tariff increases. On August 3, 2016, a federal court in San Martin suspended the increase in electricity tariffs across the country until a public hearing to discuss the electricity tariffs increase is set. The case was brought before the Supreme Court of Argentina, which denied the injunctions that suspended the increase in tariffs, arguing formal objections and procedural defects. On September 6, 2016, the federal government announced that a public hearing for increases in electricity tariffs has been scheduled for October 28, 2016. The new administration has taken steps and announced measures to address the energy sector crisis while taking into consideration the implications of these price increases for the poorest segments of society, approving subsidized tariffs for qualifying users. See “—The Presidential elections and the change in the governing political party in Argentina may create certain uncertainties that could impact the Argentine and provincial economies and the securities market.”

A failure to address the negative effects on energy generation, transportation and distribution in Argentina resulting in part from the pricing policies of the prior administrations could weaken confidence in and adversely affect the Argentine economy and financial condition, and adversely affect the Province’s economy. There can be no assurance that the measures adopted by the new administration to address the energy crisis will not be challenged in the local courts and/or will be sufficient to restore production of energy in Argentina within the short or medium term.

***Foreign shareholders of companies operating in Argentina have initiated investment arbitration proceedings against Argentina that have resulted and could result in arbitral awards and/or injunctions against Argentina and its assets and, in turn, limit its financial resources.***

In response to the emergency measures implemented by the federal government during the 2001-2002 economic crisis, a number of claims were filed before the International Centre for Settlement of Investment Disputes (“ICSID”) against Argentina. Claimants allege that the emergency measures were inconsistent with the fair and equitable treatment standards set forth in various bilateral investment treaties by which Argentina was bound at the time.

As of the date of this offering memorandum, there are three final awards issued by ICSID tribunals against Argentina for an aggregate total amount of U.S.\$ 427.36 million and Argentina is seeking the annulment of four additional awards for an aggregate total amount of U.S.\$845.51 million, one of which involves a concession dispute originated within the Province. See “The Provincial Economy—Litigation.” In addition, there are six ongoing cases against Argentina before ICSID with claims totaling U.S.\$1.79 billion (including two cases with claims for amounts that are currently undetermined), and in three of these cases (with aggregate claims for U.S.\$1.72 billion) the ICSID tribunal has already ruled that it has jurisdiction. There are eight additional cases with claims totaling U.S.\$ 4.55 billion in which the parties agreed to suspend the proceedings pending settlement discussions. A successful completion of these negotiations could lead additional ICSID claimants to withdraw their claims, although the Province can offer no assurance to this effect.

Claimants have also filed claims before arbitral tribunals under the rules of the United Nations Commission on International Trade Law (“UNCITRAL”) and under the rules of the International Chamber of Commerce (“ICC”).

As of the date of this offering memorandum, there was one final outstanding UNCITRAL award against Argentina for a total of U.S.\$ 7.4 million and Argentina is seeking the annulment of two additional awards for an aggregate amount of U.S.\$ 21.1 million. As of such date, there were three ongoing cases against Argentina before UNCITRAL and ICC tribunals with claims totaling U.S.\$625.4 million, including one case with a U.S.\$508.7 million claim in which the tribunal had already ruled that it has jurisdiction. There was one additional case with a claim of U.S.\$168.7 million in which the parties agreed to suspend the proceedings pending settlement discussions.

In October 2013 and May 2016, Argentina settled two final awards issued by an UNCITRAL tribunal that

awarded a claim against Argentina for U.S.\$104.0 million and U.S.\$189.5 million, respectively.

The Province is not a party to any of these cases and, as such, cannot give any assurance that Argentina will prevail in having any or all of those cases dismissed, or that if awards in favor of the plaintiffs are granted, that it will succeed in having those awards annulled. Any awards rendered against Argentina could have a material adverse effect on the Argentine and provincial economies and the Province's ability to service its debt obligations, including the notes.

### **Risks Relating to the Province**

*Investing in a developing country such as Argentina, in which the Province is a political subdivision, entails certain inherent risks.*

The Province is located in Argentina, which is a developing economy. Investing in developing economies generally involves risks. These risks are associated with political, social and economic events that may affect Argentina's economic results. In the past, instability in Argentina and in other Latin American and developing countries has been caused by many different factors, including the following:

- adverse external economic shocks;
- dependence on external financing;
- inconsistent fiscal and monetary policies;
- high levels of inflation;
- changes in currency values;
- high interest rates;
- price controls;
- exchange rate and capital controls; and
- political and social tensions.

In 2001 and 2002, Argentina suffered a major political, economic and social crisis, which resulted in a severe economic contraction with significant increases in unemployment and poverty rates. Among other consequences, the crisis caused a large currency devaluation and the Argentine government to default on its external debt. The government imposed numerous emergency measures which affected public companies and other sectors of the economy.

The Argentine economy has recovered significantly since the 2001-2002 crisis, although it has been suffering from high inflation and has stagnated in the last four years. This was mainly due to certain monetary and fiscal policies, severe foreign exchange controls that disincentivized exports and investments, and the decline in commodities prices, among other factors.

Argentina has experienced political, social and economic instability in the past and may experience further instability in the future. The Province's economic conditions depend, to a large extent, on the macroeconomic and political conditions prevailing in Argentina. Worsening economic conditions in the country could have an adverse effect on the Province's economy, current revenues and ability to service its debt obligations, including the notes.

***The Province is a political subdivision of Argentina and, as a result, the Province's economic performance is subject to general economic conditions in Argentina and to decisions and measures adopted by the federal government, which it does not control.***

Because the Province is a political subdivision of Argentina, the Province's economic performance and public finances are subject to general economic conditions in Argentina and may be significantly affected by national events, such as the 2001 and 2002 national economic crisis, and by decisions and measures adopted by the federal government, including those related to inflation, monetary policy and taxation. The Province does not control any of these events or decisions. As a result, you should also carefully consider the economic and other information periodically made public by Argentina. The Province does not take part in the formulation of such information.

The interests of the Province, however, may not always be aligned with those of the federal government or other Argentine provinces and, as a result, the Province cannot give assurances that future decisions or measures adopted by the federal government will not have an adverse effect on the Province's economy that may affect its ability to service its debt obligations, including the notes.

***Increases in personnel expenditures may have a significant adverse effect on the public finances of the Province and its ability to service its debt.***

Between 2011 and 2016, the Province's number of public employees authorized to be hired for each fiscal year by the respective budget law has increased significantly, from 110,357 new hires and 363,916 teaching hours in 2011, respectively, to 136,422 new hires and 478,987 teaching hours in 2016, respectively. Personnel expenditures has represented the largest expenditure of the Province in the 2011-2015 period. In 2015, personnel expenditures reached 44.9% of the Province's total current expenditures, or 37.4 billion, from 44.2%, or Ps. 12.4 billion, in 2011.

The public sector employees of the Province are represented by 20 separate unions, including central administration workers' unions, teachers' unions, health professionals' unions, among others. Wage negotiations usually begin in February of each year. Public employees have typically demanded higher wages to keep pace with inflation. In March 2016, the Province reached an agreement with the above mentioned unions representing an average increase in wages of 31%, to be carried out in two stages. See "Public Sector Finances—Composition of Expenditures—Current Expenditures—Personnel." The Province has limited flexibility to reduce personnel expenses in the future, as public sector employees are protected by constitutional guarantees of job security. As a result, increases in personnel expenditures may have an adverse effect on the Province's economy, financial condition and ability to service its debt obligations, including the notes.

***If the Federal Council of Fiscal Responsibility were to determine that the Province's budget did not comply with the Fiscal Responsibility Law, the Province could be subject to sanctions.***

In August 2004, the Argentina's Congress adopted Law No. 25,917, the Fiscal Responsibility Law, which became effective on January 1, 2005. This law establishes a fiscal regime for the federal government and the provinces relating to transparency in public administration, expenditures, fiscal balances and indebtedness and, in particular, requires balanced budgets. In 2009, the federal Congress enacted Law No. 26,530, which suspended for 2009 and 2010 some of the general rules of the Fiscal Responsibility Law, including the prohibition on the use of proceeds of new indebtedness to fund current expenditures and the freeze on new borrowings if debt service obligations exceed 15.0% of current revenues (net of transfers to municipalities). On December 29, 2010, the federal government issued Decree No. 2,054/10, extending the application of Law No. 26,530 (and therefore, the suspension of certain provisions of the Fiscal Responsibility Law referred above) through 2011. National budget laws for 2012, 2013, 2014, 2015 and 2016 extended the suspension of the above mentioned law for each of those years. The Fiscal Responsibility Law also created the *Consejo Federal de Responsabilidad Fiscal* (the Federal Council of Fiscal Responsibility), which is composed of representatives from the federal and provincial governments and is responsible for controlling compliance by the provinces and the federal government with the Fiscal Responsibility Law. As of the date of this offering memorandum, the Federal Council of Fiscal Responsibility has never imposed sanctions on any province for non-compliance with the Fiscal Responsibility Law. However, if the Federal Council of Fiscal Responsibility determines that the Province's budget does not comply with the currently applicable sections of the Fiscal Responsibility Law, the Province could be subject to sanctions, including

restrictions on federal tax benefits for the provincial private sector, limitations on guarantees from the federal government, denial of authorizations for further borrowings and limitations on federal transfers (other than federal tax transfers mandated by law, including co-participation transfers), which could have an adverse effect on the Province's economy that may affect its ability to service its debt obligations, including the notes.

***Information included in this offering memorandum regarding provincial GDP estimates for 2014 and 2015 is based on preliminary calculations made by the Provincial Institute of Statistics and Censuses of the Province and, therefore, may differ substantially from official GDP information calculated pursuant to its new methodology for such years once it is published by the Provincial Office of Statistics and Censuses.***

As of the date of this offering memorandum, the Provincial Office of Statistics and Censuses has published official GDP information for the Province, through the year ended December 31, 2013. The Provincial Office of Statistics and Censuses is currently implementing a new methodology and base year to calculate provincial GDP for 2014 and 2015 and currently does not have definitive provincial GDP data for 2014 or 2015. Information included in this offering memorandum regarding provincial GDP estimates for 2014 and 2015 is based on preliminary calculations performed by the Provincial Institute of Statistics and Censuses. See "The Provincial Economy—Provincial Gross Domestic Product 2011-2015."

The Province cannot give assurances as to when the Provincial Institute of Statistics and Censuses will release definitive provincial GDP information for 2014 and 2015 pursuant to its new methodology, or whether, once released, such information will be similar to the provincial GDP preliminary calculations for 2014 and 2015 included in this offering memorandum.

***Growth rates in developing economies tend to be volatile. A sudden and significant decline in the growth rate of the Province could have a material adverse effect on the Province's public finances and its ability to service its debt obligations, including the notes.***

The economy of the Province, in line with the economy of Argentina, has experienced significant volatility in recent decades, including numerous periods of low or negative growth and high and variable levels of inflation and devaluation. The Province's economy recovered significantly from the most recent domestic economic crisis (which reached its peak in 2001 and 2002) and experienced real GDP growth from 2005 to 2008, registering a cumulative average annual growth of 6.8% during that period. However, economic activity declined by 2.9% in 2009, mainly due to the 2008 global financial crisis. The Province's economy has recovered since then, although the Province cannot give assurances that growth rates will not fluctuate significantly in the future.

Economic growth is dependent on a variety of factors, including (but not limited to) economic growth in Argentina's main trading partners, the stability and competitiveness of the peso against foreign currencies, confidence among provincial consumers and foreign and domestic investment in the Province. In most cases, these factors are outside the control of the Province. If the Province's economic growth slows, stops or contracts, the Province's revenues may decrease significantly, the market price of the notes may be adversely affected and the Province's ability to service its public debt, including the notes, may be adversely affected.

***A decline in international prices for the Province's principal commodity exports could have a material adverse effect on the Province's economy and public finances.***

Historically, the commodities market has been characterized by high volatility. During recent years, the prices of most of the Province's commodities exports suffered a high degree of volatility. Export taxes on commodities have significantly contributed to the federal government revenues during the recent years. Consequently, the Argentine economy has remained relatively dependent on the price of its main agricultural exports, mostly soy, which in turn have rendered the Argentine economy more vulnerable to commodity prices fluctuations. International commodities prices decreased during 2015 but have partially recovered during the first five months of 2016. Declines in commodity prices may adversely affect the provincial economy and its public finances, directly and indirectly through lower export taxes collected by the federal government, which may cause a decrease in export tax revenues shared with the Province.

In addition, in 2015, the new administration eliminated export taxes on many agricultural products, and it reduced export taxes on soy from 35% to 30%. The Province cannot give assurances that the federal government



will not reduce export taxes on soy in the future. Such reduction may cause an additional decrease in export tax revenues that the federal government distributes to the provinces, including the Province. Conversely, any increase in export taxes on soy could result in a decrease in soy exports, which could, in turn, decrease the amount of revenues from export tax that the federal government distributes to the provinces, including the Province.

***A significant depreciation of the currencies of the Province's trading partners or trade competitors may adversely affect the competitiveness of provincial exports and cause an increase in provincial imports, thus adversely affecting the Province's economy.***

The depreciation of the currencies of one or more of the Province's trading partners or trade competitors relative to the peso may result in provincial exports becoming more expensive and less competitive. It may also cause an increase in relatively cheaper imports. The Brazilian real devalued against the U.S. dollar by approximately 49.1% from January 2015 to February 2016, the steepest depreciation in over a decade, in its attempt to increase exports. Although the Brazilian real appreciated by 17.2% against the U.S. dollar between March 1 and September 1, 2016, future devaluations of the Brazilian currency may generate a decrease in exports and an increase in imports, which may have a material adverse effect on the Province's economic growth, its financial condition and the ability of the Province to service its debt obligations, including the notes.

***Fluctuations in the value of the peso could have an adverse effect on the Province's economy and its ability to service its debt obligations.***

A nominal depreciation of the peso would increase the cost of servicing the Province's public debt, while a real appreciation in the value of the peso could make exports from the Province less competitive with goods from other countries and lead to a decrease in exports from the Province. Because the Province's exports represent a material portion of the Province's GDP, decreased export earnings could have a material adverse effect on the Province's economic growth and its ability to service its debt obligations, including the notes. During the last eight years, the peso has depreciated significantly against the U.S. dollar. Any further significant depreciations or appreciations of the peso could have a material adverse effect on the Argentine and provincial economies and the Province's ability to service its debt obligations, including the notes.

***The Province may be required to make payments to the Province's pension system, which could adversely affect its ability to make payments under the notes.***

The Province's pension system functions on a "pay-as-you-go" basis, meaning that it does not maintain funds that are invested to meet future pension obligations. Instead, it receives stipulated contributions from employees and from the Province on behalf of its employees and uses those funds as needed to meet current payment obligations to beneficiaries. If required payments exceed the funds contributed to the pension system by employees and by the Province on behalf of its employees, the Province is required by provincial law to cover the deficit. In recent years, the Province has been required to cover such deficit, resulting in increased expenditures. This may adversely affect the Province's public finances and its ability to service its debt, including the notes.

***The budgeted revenues and expenditures of the Province's 2016 Budget are expected to differ materially from actual results.***

The Province's 2016 Budget is based on estimates and assumptions regarding the future economic performance of Argentina and the Province, which are subject to uncertainties, many of which are beyond the control of the Province. The macroeconomic assumptions underlying the 2016 Budget have proven inconsistent with subsequent developments, such as the 38% devaluation of the Peso primarily in December 2015 and increases in salaries and wages of public sector employees. Certain of these developments, in turn, could render the 2016 Budget insufficient to meet the needs of the non-financial public sector, and as a result, the Province can provide no assurance that its 2016 Budget will be achieved. Actual revenues and expenditures of the Province in 2016 are expected to differ materially from the 2016 Budget. See "Public Sector Finances—2016 Budget and Proposed 2017 Budget—2016 Budget Law."

***The Province's proposed 2017 budget may not be approved as proposed, and the revenues and expenditures contained in the Province's proposed 2017 budget may differ materially from actual results.***

The provincial legislature may modify or reject the proposed 2017 budget, and any modification made by the legislature may be vetoed by the executive branch. As a result, the Province cannot assure you that the proposed 2017 budget will be approved as proposed.

Moreover, the Province's proposed budget for 2017 is based on estimates and assumptions regarding the future economic performance of Argentina and the Province, which are subject to uncertainties, many of which are beyond the control of the Province. These estimates and assumptions may be incomplete or inaccurate and unanticipated events and circumstances may occur which may alter the assumptions used for such estimates. If any of the estimates and assumptions contained in the Province's proposed 2017 budget proves to be incorrect, the budgeted revenues and expenditures may differ materially and adversely from actual results.

***Adverse climatic factors or natural disasters could adversely affect the economic activities of the Province.***

Adverse climatic factors or natural disasters, including wildfires, floods, droughts or extreme cold, among others, could adversely affect the economic activities of the Province, particularly in sectors which depend upon the sustainable enjoyment of geographic and natural conditions of the Province, such as livestock and agriculture. In April 2016, as a result of adverse weather conditions, which resulted in floods affecting over 3,500,000 hectares in the Province in peak harvesting season, harvesting activities were substantially hindered, resulting in end-of-harvest-cycle diseases, loss of grain quality and high humidity content in harvested grains. Livestock production and dairy product production were affected as a result of blocked or flooded roads, which delayed truck access to the farms, and resulted in water-related diseases such as foot rot, and a lack of feed for livestock. Total losses for the primary sector, as a result of floods in 2016, are estimated at Ps. 20.9 billion.

A reduction in the economic activity of the Province caused by adverse climatic factors or by natural disasters could have an adverse effect upon the public finances of the Province, and its ability to fulfill its obligations under the debt instruments, including the notes.

***A reduction in the taxes collected as part of the federal tax co-participation regime may have an adverse effect on the Province's public finances and its ability to meet its debt service obligations, including the notes.***

The *Ley de Coparticipación Federal de Recursos Fiscales* (the "Federal Tax Co-Participation Law"), enacted in 1988, currently governs the federal tax co-participation regime. Under this law, the federal government is currently required to transfer to the provinces 100% of revenues from consumption taxes levied on various non-basic goods (such as cigarettes and alcohol), 89% of value-added tax revenues, 64% of income tax revenues, 100% of property transfer tax revenues, 80.6% of taxes on prizes, 50% of cooperative tax revenues, 100% of presumed minimum income tax revenues and 30% of financial transactions tax revenues. Modifying the federal tax co-participation regime requires the consent of all of the provinces of Argentina, the City of Buenos Aires and the federal government.

Transfers from the federal government under the federal tax co-participation regime represent an important source of revenues for several provinces in Argentina, including the Province. A reduction in tax collection due to a slowdown of the Argentine economy or an increase in the levels of tax evasion could result in a decline in federal co-participation tax revenues and a corresponding decrease in the transfers to the provinces under the federal tax co-participation regime. These developments could cause a reduction in the Province's revenues, which could in turn have an adverse effect on the Province's public finances and its ability to pay its debt service obligations, including the notes.

***Any revisions to the Province's official financial or economic data resulting from a subsequent review of such data by the Provincial Institute of Statistics or any other provincial entity could reveal a different economic situation in the Province, which could affect your evaluation of the market value of the notes.***

Certain economic and other information presented in this offering memorandum may subsequently be materially revised to reflect new or more accurate data as a result of the review by the Provincial Institute of

Statistics or any other provincial entities that review the Province's official economic data and statistics. These revisions could reveal that the Province's economic and financial situation as of any particular date is significantly different from those described in this offering memorandum. Any such revision could adversely affect the market price of the notes. In addition, any such revision could affect your investment decision with respect to the notes and your evaluation of the notes' market value.

### **Risks Relating to the Notes**

***The notes are subject to restrictions on resales and transfers which could limit holders' ability to resell the notes they purchase.***

The notes have not been registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the notes may be offered and sold only (a) to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) in compliance with Rule 144A; (b) pursuant to offers and sales to non-U.S. persons that occur outside the United States in compliance with Regulation S under the Securities Act; (c) pursuant to an exemption from registration under the Securities Act; or (d) pursuant to an effective registration statement under the Securities Act, in each case in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. For certain restrictions on resale and transfer, see "Notice to Investors."

***There can be no assurances that the credit ratings granted to the notes to be issued under this offering memorandum may not be downgraded, suspended or cancelled by the rating agencies.***

Any credit rating granted to the notes to be issued under this offering memorandum may change following its issuance. Such credit rating is limited in its scope and does not consider all of the risks related to the investment in the notes. The credit rating only reflects the considerations that were taken into account at the moment of issuing such credit rating. There can be no assurances that such credit rating be maintained for a certain period of time or that such credit rating may not be downgraded, suspended or cancelled upon the credit rating's consideration or if circumstances will so require. Any credit rating downgrade, suspension, or cancellation may have an adverse effect on the market price and the negotiation of the notes.

***There is no prior market for the notes; if one develops, it may not be liquid.***

There currently is no market for the notes. The Province cannot promise that such a market will develop or if one does develop, that it will continue to exist. If a market for the notes were to develop, prevailing interest rates and general market conditions could affect the price of the notes. This could cause the notes to trade at prices that may be lower than their principal amount or their initial offering price.

***It may be difficult for you to obtain or enforce judgments against the Province.***

The Province is a political subdivision of a sovereign entity. Consequently, while the Province has irrevocably submitted to the jurisdiction of U.S. state or federal courts sitting in the Borough of Manhattan, the City of New York and to the courts of Argentina, with respect to the notes, which are governed by New York state law, it may be difficult for holders of notes or the trustee in respect of the notes to obtain or enforce judgments of courts in the United States or elsewhere against the Province. See "Enforcement of Civil Liabilities."

In addition, if holders of notes obtained a foreign judgment against the Province, it may be difficult for holders to have that judgment recognized and enforced in Argentine courts during states of emergency, as was declared by Congress during the 2001-2002 crisis, in light of the March 6, 2014 decision of the Supreme Court of Argentina in *Claren Corporation v. Estado Nacional*. In that case, the Supreme Court of Argentina held that the enforcement of a foreign judgment sought by *Claren Corporation* did not satisfy one of the requirements set forth in the Argentine Code of Civil and Commercial Procedure (i.e., that a foreign judgment cannot contravene Argentine law principles of public policy), given the fact that enforcement as requested by the plaintiff would imply that such plaintiff, through an individual action filed before a foreign court, could circumvent the public debt restructuring process set forth by the federal government through emergency legislation enacted in accordance with the Argentine Constitution after the debt securities subject to the foreign judgment were issued. The Supreme Court of Argentina

further held that such norms were part of Argentine public policy and, therefore, that the enforcement of a foreign judgment as the one sought by the plaintiff could not be granted as it would be clearly contrary to such legislation. The Province cannot give assurances that you will be able to obtain or enforce judgments against the Province, including with respect to the notes.

***The notes will contain provisions that permit the Province to amend the payment terms of the notes without the consent of all holders.***

The notes will contain provisions regarding voting on amendments, modifications and waivers which are commonly referred to as “collective action clauses.” Under these provisions, certain key terms of the notes may be amended, including the maturity date, interest rate and other payment terms, without your consent.

## USE OF PROCEEDS

We estimate that the gross proceeds from our sale of the notes, before deducting commissions and estimated offering expenses payable by us, will be approximately U.S.\$250.0million. The Province intends to use the net proceeds to finance public works projects pursuant to provincial Law No. 13,543.

The following table shows the amount permitted to be invested per type of public work pursuant to Law No. 13,543:

<b>Type of Public Works Project</b>	<b>Amount in U.S. dollars</b>
Roads, paving access routes to towns and roads within towns	Up to 256,000,000
Bridges	Up to 10,000,000
Regional gas pipelines	Up to 20,000,000
Waterworks and drainage	Up to 74,000,000
Extension of sewage system	Up to 15,000,000
Police precincts and penitentiaries	Up to 38,000,000
Schools	Up to 20,000,000
Hospitals	Up to 32,000,000
Public housing	Up to 15,000,000
Courthouses	Up to 20,000,000
<b>TOTAL</b>	<b>Up to 500,000,000</b>

## THE PROVINCE OF SANTA FE

### General

The Province is the third most populous and the eleventh largest of the 24 Argentine provinces, with an area of 133,007 square kilometers. It is located in the central-eastern part of the country, west of the *Río Paraná* (Parana River), which has a coastline of approximately 849 kilometers, representing a third of the total length of the Paraná-Paraguay waterway, and connects the Province to the Mercosur. The Province enjoys a mild-climate, has extensive fertile areas suitable for raising cattle and a wide variety of agricultural activities. The Province is the leader in dairy products production among Argentina's provinces, accounting for 34.4% of total dairy production and 42.6% of dairy production facilities in Argentina. The Province originates a significant portion of Argentina's manufacturing products related to the agricultural sector and has a diverse array of services (including tourism, scientific innovation and technology, among others). The capital of the Province is the city of Santa Fe, and the city of Rosario is one of the main centers of economic activity in Argentina.

With approximately 3.2 million inhabitants according to the National Census of Households and Population conducted in October 2010, the Province's population represents approximately 8.0% of the total population of Argentina. Approximately 54.1% of the Province's population is concentrated in the greater Rosario and Santa Fe areas. In other major cities across the Province, such as Reconquista, Rafaela and VenadoTuerto, the population size ranges between 60 thousand and 100 thousand in each city.

### Constitutional Framework and Relationship between Federal and Provincial Governments

The Argentine federal constitution sets forth a division of powers between the federal and provincial governments. Each province has its own constitution, which establishes its governmental structure and provides for the election of a provincial Governor and Vice Governor and a provincial legislative branch. The provinces have general jurisdiction over matters of purely provincial or local concern, including, among others:

- healthcare and education;
- provincial police and courts; and
- the borrowing of money on its own credit, subject to a federal approval and control mechanism.

The jurisdiction of the federal government is limited to those matters that were expressly delegated to it by the provinces through the federal constitution. These matters include, among others:

- the regulation of trade and transport;
- the issuance of currency;
- the regulation of banks and banking activities;
- national defense and foreign affairs; and
- customs and the regulation of shipping and ports.

The federal government does not guarantee, nor is it responsible for, the financial obligations of any province.

Under the Argentine federal system, each province retains significant responsibility for the rendering of public services and other functions within its territory that require public expenditure, while relying primarily on a centralized tax collection system run by the federal government as a source of public revenues. This centralized system, which is called the federal tax co-participation regime, dates back to 1935, when the provinces agreed to delegate their constitutional power to collect several categories of taxes to the federal government in exchange for transfers of a portion of the related tax revenues. This coordinated taxation regime has been amended several times

and, currently, the “shared” or “co-participated” taxes include income tax, value-added tax, a tax on financial transactions and several specific excise taxes levied on consumption. See “Public Sector Finances—Main Sources of Revenues—Federal Tax Co-Participation Regime.”

## Provincial Government

Under the Constitution of the Province, the provincial government is divided into three branches: executive branch, legislative branch and judicial branch.

### *Executive Branch*

The executive branch consists of a Governor and a Vice Governor, who are elected together for four-year terms, and a number of ministries and secretariats. Both the Governor and the Vice Governor are not eligible for reelection until after at least one term out of office. The Governor has the power to appoint and remove ministers. The Governor also appoints, subject to confirmation by the provincial Senate, the provincial *Fiscal de Estado* (the “Attorney General”) and the President of the *Tribunal de Cuentas*(Audit Tribunal), among others. The Governor also presents the state of public accounts of the previous fiscal year and budget bills before the provincial legislative branch.

General provincial elections were held on June 14, 2015. Miguel Lifschitz, a member of the *Frente Progresista Cívico y Social* coalition, was elected governor with 30.64% of the total vote. Mr. Lifschitz has been in office since December 2015 and his current term ends in 2019. The Vice Governor is Carlos Alcides Fascendini, also a member of the *Frente Progresista Cívico y Social* coalition, and has been in office since December 2015 and his current term also ends in December 2019. The next elections for governor are scheduled to take place in 2019.

The executive branch carries out its duties with the assistance of 13 ministers, each in charge of the following ministries: Ministry of Government and Reform of the State, Ministry of Economy, Ministry of Justice and Human Rights, Ministry of Security, Ministry of Production, Ministry of Education, Ministry of Health, Ministry of Infrastructure and Transportation, Ministry of Public Works, Ministry of Social Development, Ministry of Labor and Social Security, Ministry of Science, Technology and Production Innovation, Ministry of Culture and Innovation and Ministry of Environment.

The Attorney General represents the Province in any lawsuit that could affect the Province’s assets and reviews and oversees the legal aspects of the activities of the executive branch. In order to be eligible for appointment, candidates for Attorney General must meet the same requirements as those required to be a member of the Province’s Supreme Court. The Attorney General is appointed by the Governor and confirmed by the *Asamblea Legislativa* (Legislative Assembly), serves for the same term as the appointing Governor, may serve for multiple consecutive terms, and may be removed from office only by impeachment proceedings.

### *Legislative Branch*

The legislative branch is comprised of two bodies: the Senate, with 19 members, and the House of Deputies, with 50 members. The Vice Governor serves as President of the Senate and holds a casting vote in the event of a tie. The House of Deputies chooses its president from its members. The members of both bodies are elected to four-year terms by popular vote. Members of both houses may serve for multiple consecutive terms.

The tables below show, by political party, the current composition of the provincial legislature after the most recent elections in 2015:

### Composition of the House of Deputies

Parties	Number of Seats	%
Frente Progresista, Cívico y Social.....	28	56.0%
Frente Justicialista para la Victoria.....	10	20.0%
Unión Pro Federal .....	10	20.0%
Frente Social y Popular .....	2	4.0%
<b>Total .....</b>	<b>50</b>	<b>100.0%</b>

*Source:* Legislature of the Province.

### Composition of the Senate

Parties	Number of Seats	%
Frente Justicialista para la Victoria.....	8	42.1%
Frente Progresista Cívico y Social.....	8	42.1%
Partido Unión Celeste y Blanco.....	3	15.8%
<b>Total</b> .....	<b>19</b>	<b>100.0%</b>

*Source:* Legislature of the Province.

#### *Judicial Branch*

The judicial branch of the Province consists of trial courts, courts of appeals and the provincial Supreme Court, which have jurisdiction over civil, commercial, administrative, labor, family and criminal matters (other than matters subject to the jurisdiction of the federal courts) within the Province. The Governor appoints all judges with the legislative branch's approval. Judges can serve until they turn 65 years old and are then eligible for retirement, and can be removed only by impeachment proceedings before the Supreme Court. Supreme Court Justices can be removed only by impeachment proceedings before the legislative branch. Argentina's federal judiciary has jurisdiction over federal matters within the territory of the Province.

The judicial branch also consists of the *Ministerio Público de la Acusación* (the Public Prosecution Ministry) and the *Servicio Público de la Defensa* (the Public Defense Service).

#### *External Control*

The Audit Tribunal, contemplated in the provincial constitution, enforces the Province's control system of the provincial administration.

The Audit Tribunal examines the investment and collection accounts with respect to public revenues, both provincial and municipal, approving or rejecting them, and also holds public servants accountable when appropriate.

The Audit Tribunal is composed by 5 members who serve for a six-year period, are selected by the executive branch with the approval of the Legislative Assembly and may be removed from office only by impeachment proceedings.

#### *Departments, Municipalities and Boroughs*

The Province is divided into 19 departments, which in turn are divided into 363 localities, and sub-divided into 55 municipalities and 308 boroughs. The general administration of each municipality is carried out by its Mayor. In addition, each municipality has its own legislature, which passes ordinances on organizational and technical matters relating to the administration of each municipality. The boroughs are governed by a Borough Commission, whose members are elected by those living within each respective borough.

Each municipality and borough is in charge of providing basic local services which are financed in part by municipality tax revenues. The Province is responsible for the financing of services related to healthcare, education and security.

Under the provincial co-participation regime, municipalities and boroughs receive, in the aggregate, 14% of provincial taxes collected by the Province such as gross revenue tax, real estate tax, education financing fund, automobile tax and federal co-participation transfers. Since 2009, the funds transferred to the Province under the *Fondo Federal Solidario* (Federal Solidary Fund) are also distributed to municipalities and boroughs. The overall percentage of funds transferred by the Province to its municipalities and the portion of such funds to be allocated to each municipality are determined and may be modified by the provincial legislature.

The Province does not have a single co-participation revenue system with its municipalities and boroughs. Instead there are specific co-participation arrangements created by law for distribution of each co-participation tax, among municipalities and boroughs.



## THE PROVINCIAL ECONOMY

### Introduction

Historically, the economy of the Province has represented a significant part of the overall Argentine economy, tracking Argentina's growth and recessionary cycles.

After the Argentine crisis of 2001-2002, the Province experienced a period of economic growth until 2008, which was reflected in both the growth of the Province's GDP and in the level of economic activity indicators. Provincial GDP increased on average 7% per year over the 2003-2008 period. The recovery brought about higher employment rates and increased wages. The unemployment rate and the poverty rate in the Greater Rosario metropolitan area fell between 2003 and 2008 from 16.6% to 7.7% and from 37.5% to 8.0%, respectively.

In 2009, economic activity in the Province fell by 2.9% in real terms, reflecting the impact of the international economic downturn on Argentina's economy. The Province experienced a 19.4% contraction in international trade in 2009 compared to the previous year, which had a significant impact on growth. In addition, a severe drought affected the Province that same year. As a result, the agricultural sector of the Province suffered a contraction of 21.7% in real terms. At the provincial level, labor indicators reflected the impact of this situation on the job market, showing an increase in unemployment to 10.6% in 2009 for the Greater Rosario area.

In 2010 and 2011, provincial GDP grew, in real terms, by 8.3% and 8.0%, respectively. Part of the growth in 2010 was due to the performance of the agricultural sector, which grew by approximately 19.8%, and the manufacturing sector, which grew by 6.8%. Both sectors combined represent approximately 27.3% of provincial GDP. The performance of the Province's exports was also positive, growing at approximately 14.2% in 2010 and 19.9% in 2011. This increase was partially due to the strong demand from Brazil, a major export market and source of imports of the Province. In 2012, provincial GDP growth slowed to 0.9%, against the backdrop of the decrease of international prices of commodities, a deepening economic slowdown in the region and slower growth of the major world economies. In 2013, 2014 and 2015, provincial GDP grew by 4.9%, 3.3% and 2.9%, respectively, in real terms, in each case compared to the previous year.

### National Gross Domestic Product 2013-2015

In 2013, INDEC modified the methodology and base year to calculate the national GDP from constant 1993 prices to constant 2004 prices. Provincial GDP is still being calculated based on constant 1993 prices, and accordingly, it is not comparable to the national GDP.

As a result of the state of administrative emergency declared by the new administration on January 8, 2016, the INDEC suspended publication of certain statistical data pending reorganization of its technical and administrative structure to recover its ability to produce sufficient and reliable statistical information. On June 29, 2016, the INDEC published the 2016 Revised INDEC Report including revised GDP data for the years 2004 through 2015. See "Risk Factors—Risks relating to Argentina—The credibility of several Argentine economic indices has been called into question, which has led to a lack of confidence in the Argentine economy and could affect your evaluation of this offering and/or the market value of the notes."

In 2015, Argentina's GDP increased by 2.4% compared to 2014, mainly due to growth in the agriculture, livestock, hunting and forestry sector, which grew by 6.4% in real terms, and the construction sector, which grew by 5.0% in real terms.

The table below sets forth the breakdown of Argentina's GDP for the years ended December 31, 2014 and December 31, 2015.

**National GDP by Sector 2014-2015 <sup>(1)</sup>**  
(in millions of pesos, at constant 2004 prices)

	For the year ended December 31,		Variation
	2014 <sup>(2)</sup>	2015 <sup>(2)</sup>	
<b>Primary Production:</b>			
Agriculture, livestock, hunting and forestry .....	49,139	52,440	6.4%
Fisheries and other related services .....	2,183	2,236	2.5%
Mining, oil and gas .....	22,737	23,376	1.3%
<b>Total Primary Production .....</b>	<b>74,059</b>	<b>78,052</b>	<b>1.7%</b>
<b>Secondary Production:</b>			
Manufacturing industry .....	124,264	124,568	0.2%
Electricity, gas and water .....	11,939	12,347	3.4%
Construction .....	21,877	22,522	3.0%
<b>Total Secondary Production .....</b>	<b>158,080</b>	<b>159,437</b>	<b>2.2%</b>
<b>Services:</b>			
Real estate and business activities.....	71,901	73,060	1.6%
Transport, storage and communications.....	54,088	55,418	2.5%
Retail and wholesale commerce .....	91,546	94,094	1.6%
Education.....	25,130	26,000	3.5%
Social and health services .....	21,810	22,388	2.7%
Community, social and personal services and domestic services.....	22,538	22,848	1.1%
Public administration, defense and social security .....	31,055	32,056	3.2%
Financial intermediation and insurance.....	26,974	27,628	2.4%
Hotel and restaurant services .....	10,789	10,882	0.9%
<b>Total services .....</b>	<b>355,831</b>	<b>364,374</b>	<b>2.2%</b>
<b>Tax on products net of subsidies .....</b>	<b>54,158</b>	<b>55,921</b>	<b>3.3%</b>
<b>Value added tax .....</b>	<b>54,926</b>	<b>55,590</b>	<b>1.2%</b>
<b>Tax on imported duties .....</b>	<b>6,889</b>	<b>7,268</b>	<b>5.5%</b>
<b>Total GDP .....</b>	<b>703,942</b>	<b>720,641</b>	<b>2.4%</b>

(1) In terms of producer's prices, excluding value added taxes and import taxes.

(2) Preliminary data published in the 2016 Revised INDEC Report.

Source: INDEC.

**Provincial Gross Domestic Product 2011-2015**

The Provincial Institute of Statistics and Censuses produces and releases provincial GDP data, which shows the results of the activities of the various production and service sectors of the Province, during a given period.

Provincial GDP is calculated at constant 1993 prices, using producer prices, including production taxes (on payroll, real estate and automobile), net of subsidies, plus taxes on gross income and export rights, without adding VAT.

National GDP is not comparable to provincial GDP due to certain methodological differences, including the inclusion of VAT and import taxes when measuring national GDP, and the difference in base prices used.

The table below shows the evolution of the Province's real GDP from 2011 through 2015:

### Provincial GDP (2011-2015)

	2011	2012	2013	2014 <sup>(1)</sup>	2015 <sup>(1)</sup>
GDP (in millions of constant 1993 prices) .....	Ps. 34,743	Ps. 35,047	Ps. 36,780	Ps. 37,979	Ps. 39,079
Real GDP growth .....	8.0%	0.9%	4.9%	3.3%	2.9%
National real GDP growth(at constant 2004 prices) .....	8.3%	0.7%	3.1%	0.4%	1.9%
Population (inhabitants) <sup>(1)</sup> .....	3,285,408	3,313,212	3,341,228	3,369,365	3,397,532
Real GDP per capita (constant 1993 prices) .....	Ps. 10,575	Ps. 10,578	Ps. 11,008	Ps. 11,272	Ps. 11,502

(1) Preliminary information.

(2) Based on the report "Provincial Population Projections by sex and age group: 2001-2015" and "Provincial Population Projections by sex and age group: 2010-2040" as published by INDEC.

*Source:* Provincial Institute of Statistics and Censuses; INDEC.

As of the date of this offering memorandum, the Province has preliminary GDP information, as elaborated by the Provincial Institute of Statistics and Censuses, through the year ended December 31, 2014 and 2015.

### Principal Sectors of the Economy

Historically, the economy of the Province has represented a significant portion of the Argentine economy, accounting for approximately 8.6% of Argentina's GDP from 1993 through 2012. The diversification of its economy supported continued expansion over the past few years with provincial GDP increasing by 3.3% in 2014 and 2.9% in 2015.

The most significant sectors of the Province's economy in 2015 (as a percentage of the Province's total real GDP) were the following:

- real estate, business and rental services (24.0%);
- manufacturing (18.9%);
- retail and wholesale commerce (16.1%);
- agriculture, livestock, hunting and forestry (8.9%);
- transport, storage and communications (8.7%);
- education, social and health services (7.1%); and
- financial intermediation and insurance (4.5%).

The table below shows the evolution of the Province's real GDP by sector from 2011 through 2015:

**Provincial GDP by Sector 2011-2015<sup>(1)</sup>**  
(in millions of pesos, at constant 1993 prices)

	For the year ended December 31,									
	2011		2012		2013		2014 <sup>(2)</sup>		2015 <sup>(2)</sup>	
	Pesos	Variation	Pesos	Variation	Pesos	Variation	Pesos	Variation	Pesos	Variation
<b>Primary Production:</b>										
Agriculture, livestock, hunting and forestry .....	3,162.3	4.2%	2,902.2	(8.2%)	3,336.2	15.0%	3,178.0	(4.7%)	3,479.5	9.5%
Fisheries and other related services.....	4.3	30.3%	3.2	(25.1%)	3.6	10.3%	3.1	(13.3%)	1.9	(39.8%)
Mining, oil and gas.....	6.6	17.9%	5.8	(11.4%)	7.1	20.7%	6.1	(14.2)	6.2	2.9%
<b>Total Primary Production.....</b>	<b>3,173.2</b>	<b>4.3%</b>	<b>2,911.3</b>	<b>(8.3%)</b>	<b>3,346.8</b>	<b>15.0%</b>	<b>3,187.1</b>	<b>(4.8%)</b>	<b>3,487.6</b>	<b>9.4%</b>
<b>Secondary Production:</b>										
Manufacturing.....	6,730.7	17.0%	6,837.7	1.6%	7,088.1	3.7%	7,518.1	6.1%	7,399.2	(1.6%)
Construction.....	936.3	5.2%	841.6	(10.1%)	860.1	2.2%	955.5	11.1%	1,003.7	5.0%
Electricity, gas and water .....	811.9	3.1%	824.1	1.5%	839.1	1.8%	878.6	4.7%	913.2	3.9%
<b>Total Secondary Production ...</b>	<b>8,478.9</b>	<b>14.1%</b>	<b>8,503.4</b>	<b>0.3%</b>	<b>8,787.3</b>	<b>3.3%</b>	<b>9,352.2</b>	<b>6.4%</b>	<b>9,316.1</b>	<b>0.4%</b>
<b>Services:</b>										
Real estate, business and rental services.....	8,613.1	2.8%	8,767.6	1.8%	8,971.8	2.3%	9,153.2	2.0%	9,386.8	2.6%
Transport, storage and communications .....	2,860.8	17.3%	2,824.2	(1.3%)	3,051.6	8.1%	3,275.8	7.3%	3,406.8	4.0%
Retail and wholesale commerce.....	5,357.1	8.7%	5,486.9	2.4%	5,749.6	4.8%	6,011.4	4.6%	6,274.9	4.4%
Educations, social and health services.....	2,554.2	3.5%	2,644.8	3.5%	2,738.6	3.5%	2,751.7	0.5%	2,770.4	0.7%
Public Administration.....	1,290.7	1.0%	1,363.7	5.7%	1,412.3	3.6%	1,417.1	0.3%	1,485.9	4.9%
Financial Intermediation and insurance .....	1,306.8	21.5%	1,405.5	7.6%	1,554.4	10.6%	1,619.9	4.2%	1,759.1	8.6%
Hotel and restaurant services.....	223.8	8.2%	240.4	7.4%	239.2	(0.5%)	221.6	(7.4%)	221.6	0.0%
Other services.....	884.5	(2.8%)	899.6	1.7%	928.0	3.2%	988.8	6.6%	970.4	(1.9%)
<b>Total services.....</b>	<b>23,090.9</b>	<b>6.5%</b>	<b>23,632.6</b>	<b>2.3%</b>	<b>24,645.5</b>	<b>4.3%</b>	<b>25,439.6</b>	<b>3.2%</b>	<b>2,275.8</b>	<b>3.3%</b>
<b>Total GDP.....</b>	<b>34,743.0</b>	<b>8.0%</b>	<b>35,047.3</b>	<b>0.9%</b>	<b>36,779.6</b>	<b>4.9%</b>	<b>37,978.8</b>	<b>3.3%</b>	<b>39,079.5</b>	<b>2.9%</b>

(1) In terms of producers' prices, excluding value added taxes and import taxes.

(2) Preliminary information.

Source: Provincial Institute of Statistics and Censuses; Ministry of Economy of the Province.

In 2013, INDEC modified the methodology and base year to calculate the national GDP from constant 1993 prices to constant 2004 prices. Provincial GDP is still being calculated based on constant 1993 prices, and accordingly, it is not comparable to the national GDP.

On June 29, 2016, the INDEC published the 2016 Revised INDEC Report. Among other adjustments, in calculating national GDP for 2004 the INDEC made changes to the composition of GDP that resulted in a downward adjustment of approximately 12% for that year. In calculating national real GDP for subsequent years based on the revised 2004 GDP, the INDEC used deflators that are consistent with its revised methodology to calculate inflation. By understating inflation in the past, the INDEC had overstated growth in real terms. The adjustments made by the INDEC resulted in a determination of national real GDP growth for the period 2004-2015 of 48.6%, as opposed to a 63% growth in real terms for the same period resulting from the information used prior to June 29, 2016. The information relating to national GDP included in this offering memorandum is derived from the 2016 Revised INDEC Report. See "Risk Factors—Risks Relating to Argentina—The credibility of several Argentine economic indices has been called into question, which has led to a lack of confidence in the Argentine economy and could affect your evaluation of this offering and/or the market value of the notes."

The following table shows the evolution of the share of the Province's GDP over the national GDP by economic sector from 2009 through 2012, in constant 1993 prices:

**Share of Provincial GDP in National GDP by Sector 2009-2012<sup>(1) (2)</sup>**  
(in millions of pesos, at constant 1993 prices)

Sector	For the year ended December 31,											
	2009			2010			2011			2012		
	Provincial GDP	National GDP	Provincial GDP / National GDP	Provincial GDP	National GDP	Provincial GDP / National GDP	Provincial GDP	National GDP	Provincial GDP / National GDP	Provincial GDP	National GDP	Provincial GDP / National GDP
<b>Primary Production:</b>												
Agriculture, livestock, hunting and forestry .....	2,531.1	15,601	16.1%	3,033.5	20,046	15.0%	3,179.1	19,557	16.1%	2,905.4	17,342	16.8%
Fisheries and other related services..	3.2	427	0.8%	3.3	472	0.7%	4.3	511	0.8%	2.8	502	0.6%
Mining, oil and gas .....	5.2	5,193	0.1%	5.6	5,113	0.1%	6.6	4,933	0.1%	5.8	4,980	0.1%
<b>Total Primary Production .....</b>	<b>2,539.5</b>	<b>21,222</b>	<b>12.0%</b>	<b>3,042.4</b>	<b>25,632</b>	<b>11.9%</b>	<b>3,190.0</b>	<b>25,002</b>	<b>12.8%</b>	<b>2,914.0</b>	<b>22,825</b>	<b>12.8%</b>
<b>Secondary Production:</b>												
Manufacturing .....	5,402.5	61,503	8.8%	5,898.8	67,547	8.7%	6,708.7	74,962	8.9%	6,567.4	74,660	8.8%
Construction .....	848.0	22,744	3.7%	892.2	23,915	3.7%	933.3	26,085	3.6%	849.4	25,396	3.3%
Electricity, gas and water .....	915.5	9,954	9.2%	1,016.8	10,567	9.6%	1,058.5	11,049	9.6%	1,070.1	11,583	9.2%
<b>Total Secondary Production .....</b>	<b>7,166.0</b>	<b>94,201</b>	<b>7.6%</b>	<b>7,807.8</b>	<b>102,029</b>	<b>7.7%</b>	<b>8,700.5</b>	<b>112,096</b>	<b>7.6%</b>	<b>8,486.9</b>	<b>111,638</b>	<b>7.6%</b>
<b>Services:</b>												
Real estate, business and rental services ..	8,012.9	50,878	16.1%	8,365.3	52,982	16.1%	8,619.5	55,661	15.8%	8,786.9	55,860	15.7%
Transport, storage and communications	2,062.1	44,860	4.6%	2,457.3	49,605	4.9%	2,845.2	54,231	5.2%	2,726.5	56,918	4.8%
Retail and wholesale commerce .....	4,393.6	49,751	8.7%	4,929.5	56,245	8.6%	5,357.1	64,486	8.2%	5,486.9	65,739	8.3%
Education, social and health services .....	2,348.4	29,426	8.0%	2,467.5	30,778	8.0%	2,554.2	32,216	7.9%	2,629.5	33,540	7.8%
Public administration and Social Security .....	1,281.6	17,609	7.3%	1,323.2	18,486	7.2%	1,314.2	19,220	6.9%	1,348.2	20,008	6.7%
Financial intermediation and insurance .....	973.8	20,436	4.8%	1,075.8	22,225	4.9%	1,307.1	26,944	4.9%	1,405.0	32,211	4.4%
Hotel and restaurant services .....	216.0	9,486	2.3%	213.8	10,180	2.1%	223.9	10,964	2.1%	243.8	11,137	2.2%
Other services .....	887.8	22,114	4.0%	910.3	22,735	3.9%	885.6	23,560	3.8%	900.0	23,864	3.8%
<b>Total services .....</b>	<b>20,176.05</b>	<b>244,560</b>	<b>8.2%</b>	<b>21,742,594</b>	<b>263,235</b>	<b>8.2%</b>	<b>23,116,879</b>	<b>287,282</b>	<b>8.0%</b>	<b>23,526,684</b>	<b>299,277</b>	<b>7.9%</b>
<b>Total GDP .....</b>	<b>29,881,559</b>	<b>359,983</b>	<b>8.3%</b>	<b>32,592,868</b>	<b>390,896</b>	<b>8.3%</b>	<b>35,007,525</b>	<b>424,380</b>	<b>8.2%</b>	<b>34,927,702</b>	<b>433,740</b>	<b>8.1%</b>

(1) In terms of producer's prices, excluding value added taxes and import taxes.

(2) INDEC modified the methodology and base year to calculate the 2013 GDP for national GDP at constant 2004 prices. Provincial GDP for 2013 is calculated based at 1993 prices, accordingly, it is not comparable to 2013 national GDP, which is not included in the table herein.

**Source:** Provincial Institute of Statistics and Censuses; Ministry of Economy of the Province.

## Primary Production

### *Agriculture, Livestock, Hunting and Forestry*

Agriculture and livestock account for the vast majority of the Province's total primary production. The Province's main agricultural products include oil-producing crops, soybeans and cereals. Corn is the most widely produced cereal. According to the Federal Ministry of Economy, the Province is Argentina's third largest producer of soybeans and corn, and according to the *Servicio Nacional de Sanidad y Calidad Agroalimentaria* (SENASA), one of Argentina's main producers of livestock.

From 2011 through 2015, the output of the agriculture, livestock, hunting and forestry sector increased by 10.0%, with an average annual growth rate of 2.4%. On average, this sector represented 8.7% of provincial GDP for this period.

In 2015, this sector increased by 9.5%, primarily due to an 89% increase in wheat production, an 18.5% increase in soybean production and a 17.9% increase in corn production.

In 2014, this sector decreased by 4.7%, primarily due to a 32.1% decrease in corn production, a 5.2% decrease in soybean production due to unfavorable climate conditions at the time of harvest and a 3.8% decrease in the production of dairy products. The decrease was partially offset by a 4.9% increase in livestock production.

In 2013, this sector increased 15.0%, primarily due to a 42.6% increase in corn production, a 28.5% increase in soybean production and a 1.0% increase in dairy products production, resulting in an 8.4% increase in related agricultural services such as third party harvesting services, fumigation services and planting services. The increase was partially offset by a 2.1% decrease in livestock production.

In 2012, this sector decreased by 8.2%, primarily due to a 16.1% decrease in soybean production, a 16% decrease in wheat production due to unfavorable climate conditions at the time of harvest and crops infected by fungi and a 5.7% decrease in cattle livestock production. The decrease was partially offset by an 8.4% increase in corn production and a 1.0% increase in dairy products production.

In 2011, this sector increased by 4.2%, primarily due to a 83.7% increase in wheat production, as a result of higher market prices, a 16.0% increase in dairy production and a 14.7% increase in cattle livestock production, as a result of favorable weather conditions after a severe drought in 2009. The increase was partially offset by an 11.8% decrease in corn production and a 6.6% decrease in soybean production.

## **Secondary Production**

### *Manufacturing*

The Province's manufacturing sector has historically been one of the largest contributors to provincial GDP. Manufactured products include refined petroleum products, dairy products, leathers, cereals and food products, steel, chemicals, electrical machinery, automobiles and appliances. The Province is the leader in dairy products production among Argentina's provinces, accounting for 34.4% of total dairy production and 42.6% of dairy production facilities in Argentina.

From 2011 through 2015, the output of the manufacturing sector increased by 9.9% in real terms with an average annual growth rate of 2.4% for this period. This sector represented, on average, 19.4% of provincial GDP for this period.

In 2015, the sector decreased by 1.6% primarily due to a 21.9% decrease in the production of automobiles as a result of lower demand for automobiles in Brazil, an 18.7% decrease in the production of chemical products due to lower domestic demand, a 17.2% decrease in refined petroleum products due to lower local demand for such products, a 1.3% decrease in dairy products as a result of a decline in the price of dairy products and a decrease in biodiesel production due to a decline in international demand for biodiesel products.

In 2014, the sector increased by 6.1% primarily due to a 16.3% increase in food products, mainly meat and oil, chemicals and leathers. This increase was offset by a 17.9% decrease in automobile production.

In 2013, the sector increased by 3.7% primarily due to a 6.5% increase in food products, mainly due to a 10.2% increase in dairy products. Refined petroleum products increased by 12.6%, leather production increased by 9.3%, steel production increased by 6.4%. This increase was partially offset by a 6.2% decrease in automobile production.

In 2012, the sector increased by 1.6%, primarily due to a 38.8%, 39.7% and 10.9% increase in chemicals, leather and refined petroleum products, respectively. This increase was partially offset by a 18.6% decrease in meats and oils production and a 6.8% decrease in machinery and appliances production.

In 2011, the sector increased by 17.0%, primarily due to a 15.1% increase in food production, mainly driven by a 20.4% and 19.7% increase in meat and oils, and dairy products, respectively. Automobile production increased by 52.3%, chemicals production increased by 36.1% and machinery production increased by 11.4%. The increase was partially offset by a 22.7% decrease in refined petroleum products. The increase in this sector was mainly driven by the recovery of international markets after the international economic crisis of 2008-2009.

## **Services**

### *Real estate, Business and Rental Services*

The real estate, business and rental services sector has historically been the sector that most contributed to provincial GDP. This sector encompasses a wide range of services rendered to businesses and individuals, including real estate transactions, leases of machinery and equipment, information technology services, research and development, advertising services, architectural and engineering services, and other business and professional services.

From 2011 through 2015, the output of the real estate and business activities sector increased by 9.0% with an average annual growth rate of 2.2%. On average, this sector represented 24.5% of provincial GDP for this period.

In 2015, the sector increased by 2.4% primarily due to a 5.6% and 4.1% increase in real estate transactions and professional services, respectively. Leases of machinery and equipment without operating personnel also increased by 17.8%.

In 2014, the sector increased by 2.0% primarily due to a 3.9% in other business and professional services and a 3.7% increase in real estate transactions. Information technology services also increased by 5.5%. The increase in 2014 was partially offset by a 6.8% decrease in leases of machinery and equipment.

In 2013, the sector increased by 2.3% primarily due to a 25.1% increase in leases of machinery and equipment without operating personnel and a 5.5% increase in real estate transactions. Information technology services and, other business and professional services also increased by 4.4% and 5.0%, respectively. Such increases were partially offset by a 7.6% decrease in architectural and engineering services.

In 2012, the sector increased by 1.8% primarily due to a 0.9% increase in real estate transactions. This increase was partially offset by an 11.7% decrease in leases of machinery and equipment without operating personnel and a 5.3% decrease in advertising services, respectively.

In 2011, the sector increased by 2.8% primarily due to a 9.2% increase in real estate transactions, mainly driven by the recovery of international markets after the international economic crisis of 2008-2009, a 4.1% increase in other business and professional services and a 2.5% increase architectural and engineering services. Such increases were partially offset by a 0.5% decrease in leases of machinery and equipment without operating personnel.

### *Transport, Storage and Communications*

This sector includes land, air and water transportation of passengers and cargo, and postal and telecommunications services. It also includes other services rendered in connection with transportation, such as handling and storage of cargo, operation of toll road concessions and other infrastructure, and other related services. Telecommunications services include cable television and mobile communications.

From 2011 through 2015, the output of the transport, storage and communications sector increased by 19.1%. This sector represented, on average, 8.4% of provincial GDP for this period.

In 2015, the sector increased by 4.0% primarily due to a 24.6% increase in water transportation services, a 20.5% increase in land cargo transportation services and a 2.4% increase in land passenger transportation services. This increase was offset by a 11.8% decrease in communication services.

In 2014, the sector increased by 7.3% primarily due to a 16.9% increase in land cargo transportation services, a 6.2% increase in communication services and a 3.2% increase in land passenger transportation services. This increase was partially offset by a 4.4% decrease in postal services.

In 2013, the sector increased by 8.1% primarily due to a 28.1% increase in storage and warehousing services, a 10.7% increase in communication services, a 5.7% increase in land cargo transportation services and a 4.8% increase in land passenger transportation services. This increase was partially offset by a 2.3% decrease in postal services.

In 2012, the sector decreased by 1.3% primarily due to adverse weather conditions, which affected agricultural production and, in turn, affected transportation services. Warehousing services decreased by 10.3%, water cargo transportation services decreased by 10.3%, land cargo transportation services decreased by 7.1% and storage and land passenger transportation services decreased by 0.7%. This decrease was partially offset by an 8.2% increase in communication services and a 0.4% increase in postal services.

In 2011, the sector increased by 17.3% primarily due to a 24.3% increase in land cargo transportation services, a 23.8% increase in other related services, a 18.8% increase in communication services, a 6.1% increase in land passenger transportation services and a 0.4% increase in postal services.

#### *Retail and Wholesale Commerce*

From 2011 through 2015, the output of the retail and wholesale commerce sector increased by 17.1%, with an average annual growth rate of 4.0%. This sector represented, on average, 15.7% of provincial GDP for this period.

In 2015, the sector increased by 4.4% primarily due to a 6.1% and a 2.7% increase in wholesale and retail sales, respectively, of food, drinks and home appliances. Automobile, motorcycle and fuel sales increased by 3.7% mainly as a result of a 5.1% increase in used automobiles sales.

In 2014, the sector increased by 4.6% primarily due to a 6.7% and 2.6% increase in wholesale and retail sales, respectively, of food, drinks and home appliances.

In 2013, the sector increased by 4.8% primarily due to a 6.3% and 3.3% increase in wholesale and retail sales, respectively, of food, drinks and home appliances. Automobile sales increased by 4.1%, mainly as a result of a 13.5% and 7.9% increase in new and used automobiles sales, respectively. Fuel sales increased by 2.5%.

In 2012, the sector increased by 2.4% primarily due to a 4.7% increase in retail sales of food, drinks and home appliances. In 2012, there was no variation in wholesale sales from the previous year. Automobile, motorcycle and fuel sales only increased by 3.3%, as a result of a 24.0% decrease in new motorcycle sales and a 5.9% decrease in new automobile sales.

In 2011, the sector increased by 8.7% primarily due to a 11.1% and 6.7% increase in retail and wholesale sales, respectively, of food, drinks and home appliances. Automobile, motorcycle and fuel sales combined increased by 9.8%, mainly as a result of a 34.4% increase in new automobile sales, a 20.2% increase in new motorcycle sales and a 5.0% increase in fuel sales. The increase in this sector was mainly driven by the recovery of international markets after the international economic crisis of 2008-2009.

#### *Education, Social and Health Services*

The Province provides education and health services, which account for over 7.0% of provincial GDP and 11.0% of total services.

From 2011 through 2015, the output of the education, social and health services sector increased by 8.5%, with an average annual growth rate of 2.1%. From 2011 through 2015, health services averaged 3.3% growth, compared to 0.4% average growth in education services. On average, this sector represented 7.3% of provincial GDP for this period.



During this period, the primary focus of the Province in relation to health was the decentralization of services and creating new infrastructure works in the Province. The Province designed policies to better organize and articulate the roles of each of the three levels of health services: primary care, secondary care and complex tertiary care. Following these policies, the Province created new primary health care centers and defined main and regional hospitals (and improved infrastructure) and tertiary care centers.

In recent years, the following education policies have been prioritized (in order of importance):

- Universal early education for children five years old and younger.
- Sustaining and improving education indicators in primary education.
- Progressive implementation of after-school enrichment programs.
- Guaranteeing secondary education by making it obligatory.
- Improving the training of students in tertiary education.

New programs were launched, such as the *Plan Vuelvo a Estudiar* (Return to Study Program), which aims to improve the Province's education system by implementing certain measures including infrastructure development, the standardization of early education and the reduction of high school dropout rates.

## **Ports**

The Province's ports along the coasts of the Paraná River play a significant role in Argentina's economy. In 2015, over 2,000 ships sailed through the Province's ports. In 2015, Argentine total exports represented U.S.\$ 56.8 billion, of which more than a third, or U.S.\$ 19.9 billion, were shipped through the Province's ports. In 2015, 64.3% of grains, 96% of derivative products (sunflower seeds, soy seeds, bran, cotton seeds and malt) and 97.4% of oils (sunflower, soy cotton and safflower oils) exported from Argentina were shipped through the Province's ports.

## **Exports Originating in the Province**

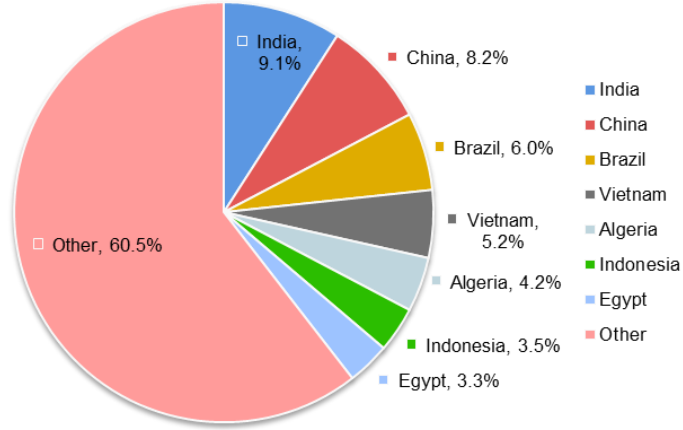
In Argentina, information relating to exports is collected and released by INDEC, and is based mainly on data collected in connection with the issuance of shipping permits by the Argentine Federal Customs Bureau. Since 1995, export data has also been collected in connection with the export of goods that require no such permits, such as energy. Provincial exports include exports of all goods produced within the territory of the Province, either by growth, extraction or gathering, and all goods processed or built completely in the Province, including those made entirely from raw materials produced outside of the Province and transformed within the Province into a different product (as classified under the Mercosur rules).

INDEC provides an estimate of provincial exports of agricultural goods based on planted areas within each province, in order to assess individual provincial production for export. This method does not take into consideration the origin of the export agent, who may consolidate exports from various provinces.

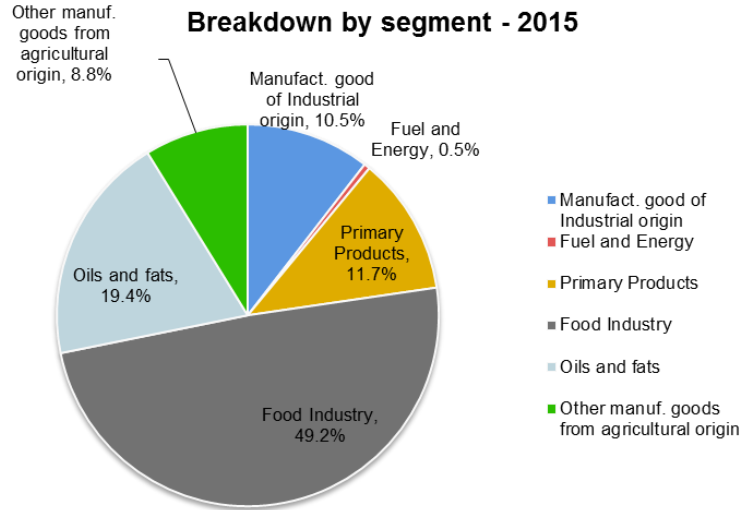
The Province is the second largest province in terms of exports. In 2015, provincial exports totaled U.S.\$ 13.2 billion, accounting for 23.2% of total Argentine exports. In addition, the Province's share in total Argentine exports during the 2011-2015 period was 21.6%. Brazil has historically been the principal destination of the Province's exports representing 8.9% of the Province's total exports for the 2011-2015 period.

The following charts show the breakdown of the Province's exports by destination and sector in 2015:

**Breakdown by destination - 2015**



*Source:* Provincial Institute of Statistics and Censuses; Ministry of Economy of the Province on the basis of information provided by INDEC.



*Source:* Provincial Institute of Statistics and Censuses; Ministry of Economy of the Province on the basis of information provided by INDEC.

*Classification of Main Exported Items*

The following table sets forth the breakdown of the Province's exports by product category and percentage changes from the previous year from 2011 through 2015.

**Exports by Product Category 2011 – 2015  
(in millions of U.S. dollars and percentages)**

	2011		2012		2013		2014		2015	
		(10.1)								(93.7)
Live animals .....	0.0	%	0.3	194.0%	0.1	(72.7)%	0.1	72.3%	0.0	%
Fish and seafood .....	6.8	51.5%	6.3	(7.0)%	2.7	(57.9)%	3.6	33.9%	5.5	55.0%
										(19.9)
Honey .....	33.0	29.0%	31.8	(3.8)%	31.4	(1.2)%	30.2	(3.9)%	24.2	%
Unprepared vegetables and legumes .....		137.1						(19.6)		(53.3)
	29.1	%	23.8	(18.1)%	13.7	(42.4)%	11.0	%	5.1	%
		(60.1)						163.0		(30.2)
Fruit .....	0.2	%	0.7	314.0%	0.7	(1.3)%	1.8	%	1.3	%
								(56.3)		
Cereals .....	1,068.8	41.6%	1,325.6	24.0%	1,292.2	(2.5)%	565.3	%	655.2	15.9%
								(19.5)		
Seeds and oilseeds .....	1,061.2	6.6%	664.1	(37.4)%	899.0	35.4%	723.7	%	839.9	16.1%
		204.2						175.5		(58.7)
Cotton fibers.....	36.3	%	16.9	(53.4)%	6.5	(61.3)%	18.0	%	7.5	%
Others.....	6.5	28.9%	3.5	(49.6)%	1.3	(71.5)%	1.3	(3.0)%	2.1	58.4%
		<b>23.8</b>						<b>(39.7)</b>		
<b>Total Primary Products .....</b>	<b>2,242.0</b>	<b>%</b>	<b>2,073</b>	<b>(7.5)%</b>	<b>2,247.8</b>	<b>8.4%</b>	<b>1,355.2</b>	<b>%</b>	<b>1,540.9</b>	<b>13.7%</b>
										(12.8)
Meat .....	403.8	4.8%	299.9	(25.7)%	314.2	4.8%	333.6	6.2%	291.0	%
		(79.7)						(90.4)		
Processed fish and seafood .....	0.0	%	0.0	909.0%	0.0	20.2%	0.0	%	0.0	60.2%
										(40.2)
Eggs and dairy products .....	663.0	58.5%	607.0	(8.4)%	685.1	12.9%	678.2	(1.0)%	405.0	%
Other products of animal origin .....	20.5	3.4%	14.1	(31.1)%	12.3	(12.6)%	10.8	(12.2)%	7.9	(26.6)%
								(18.2)		(16.7)
Dried and frozen fruit .....	4.6	(7.0)%	2.8	(40.3)%	1.5	(45.1)%	1.2	%	1.0	%
		257.0								
Coffee, tea, herbs and spices ..	2.2	%	2.0	(9.4)%	1.3	(35.3)%	2.1	60.9%	2.3	11.1%
										(44.3)
Mill products .....	58.1	34.0%	186.9	221.6%	175.7	(6.0)%	220.9	25.8%	123.1	%
								(16.1)		
Oils and fats .....	3,923.5	24.1%	3,374.6	(14.0)%	2,912.9	(13.7)%	2,445.4	%	2,558.5	4.6%
								(24.6)		(21.1)
Sugar and candy products .....	4.2	14.9%	5.5	32.4%	5.3	(4.7)%	4.0	%	3.1	%
										(31.2)
Prepared vegetables .....	5.3	36.9%	4.2	(21.6)%	4.3	3.9%	4.8	11.1%	3.3	%
Beverages, alcohol and vinegars .....	16.6	(5.1)%	6.1	(63.2)%	6.0	(1.8)%	7.3	21.3%	9.0	23.8%
Food industry residue and waste .....	6,794.1	13.3%	7,158.4	5.4%	7,082.1	(1.1)%	7,957.4	12.4%	6,482.3	%
Hides and skins .....	282.3	(9.9)%	216.9	(23.2)%	253.8	17.0%	286.4	12.9%	263.6	(8.0)%
										(53.6)
Others.....	174.9	22.0%	46.0	(93.2)%	62.5	(10.7)%	53.2	5.4%	45.0	%
<b>Total Manufactured Goods of Agricultural Origin.....</b>	<b>12,353.2</b>	<b>17.5%</b>	<b>11,924.3</b>	<b>(3.5)%</b>	<b>11,517.0</b>	<b>(3.4)%</b>	<b>12,005.4</b>	<b>4.2%</b>	<b>10,195.3</b>	<b>(15.1)%</b>
				(12.54)						(53.8)
Chemical products .....	1,986.3	57.93	1,737.2	%	1,141.7	(34.2)%	1,295.4	13.5%	598.1	%
			(15.63)							(22.6)
Plastics .....	34.4	(4.34)	29.0	%	19.8	(31.8)%	26.9	35.8%	20.8	%
							(28.6)			(51.0)
Rubber .....	82.8	42.49	81.5	(1.68)%	70.4	(13.7)%	50.3	%	24.6	%
										(55.2)
Leather goods .....	1.4	66.51	1.5	3.35%	0.7	(54.0)%	0.8	13.3%	0.4	%
Paper, cardboard, printing	32.7	(11.8)	30.9	(5.4)%	23.0	(25.7)%	21.8	(5.0)%	20.5	(6.3)%

and publications .....										(43.2)
Textiles.....	1.7	38.2	0.6	(61.9)%	0.3	(46.8)%	0.5	40.5%	0.3	%
Footwear and related materials .....	0.6	(22.9)	0.8	30.5%	0.8	2.9%	0.5	%	0.8	56.3%
Stone and plaster products .....	2.0	4.8	3.2	63.7)%	1.9	(41.3)%	1.1	37.5%	1.1	(5.7)%
Precious stones and metals .....	0.0	3,248.6	0.0	(17.9)%	0.0	%	0.0	%	0.0	%
Metals .....	208.6	7.9	282.7	35.5%	235.9	(16.5)%	155.3	%	91.4	%
Machinery and electric materials .....	557.1	19.4	534.0	(4.1)%	449.7	(6.4)%	436.7	%	318.8	%
Transportation materials .....	1,139.6	23.4	1,008.5	(11.5)%	872.2	(13.5)%	611.4	%	280.3	%
Navigation .....	55.3	%	64.0	15.8%	66.5	3.8%	36.6	%	17.0	%
Others.....	15.8	14.1%	19.1	21.1%	15.6	(18.3)%	15.1	(2.9)%	10.1	%
<b>Total Manufactured Goods of Industrial Origin.....</b>	<b>4,118.3</b>	<b>37.3%</b>	<b>3,793.1</b>	<b>(7.9)%</b>	<b>2,948.5</b>	<b>%</b>	<b>2,652.5</b>	<b>%</b>	<b>1,384.2</b>	<b>%</b>
Fuel .....	126.4	19.6%	128.8	1.9%	68.7	(46.7)%	57.7	%	49.6	%
Grease and oil lubricants .....	4.0	12.4%	4.0	(0.3)%	5.1	27.3%	3.0	%	1.7	%
Other .....	8.8	%	8.2	90.1%	7.6	80.5%	5.4	%	9.6	78.2%
<b>Total Fuel and Energy .....</b>	<b>139.2</b>	<b>11.4%</b>	<b>141.0</b>	<b>1.3%</b>	<b>81.3</b>	<b>%</b>	<b>66.0</b>	<b>%</b>	<b>60.9</b>	<b>(7.8)%</b>
<b>Total .....</b>	<b>18,852.7</b>	<b>22.0%</b>	<b>17,931.5</b>	<b>(4.9)%</b>	<b>16,794.7</b>	<b>(6.3)%</b>	<b>16,079.1</b>	<b>(4.3)%</b>	<b>13,181</b>	<b>%</b>

Source: Provincial Institute of Statistics and Censuses; INDEC.

### Primary Products

Exports of primary products include live animals and animal products (including unprocessed seafood and fish, but not meat), honey, fruits, vegetables, cereals, seeds and oilseeds and cotton fibers. From 2011 through 2015, these products represented 11.4% of total provincial exports and 11.2% of total national exports in this sector. Exports of primary products decreased by 22.4% from 2011 to 2015, with an irregular year-over-year variation, primarily due to unfavorable climate conditions, Argentine government intervention, a decline in international prices and lower demand from China. In 2015, these products recorded a 28.6% increase due to a 27.7% growth in exports of seeds and oilseeds. Exports of cereals and seeds and oilseeds have traditionally accounted for the majority of provincial exports of primary products, accounting for 5.5% and 6.4%, respectively, of total exports of primary products from 2011 through 2015. Provincial exports of primary goods for the year ended December 31, 2015 amounted to U.S.\$ 1.7 billion and represented 11.7% of total provincial exports and 11.6% of total national exports in this sector.

### Manufactured Goods of Agricultural Origin

Exports of manufactured goods of agricultural origin involve primary products that have undergone a certain level of processing or treatment and include meat, eggs and dairy products, oil and fats and food industry residue and waste. From 2011 through 2015, these products represented 70.5% of total provincial exports and 44.2% of total national exports in this sector. Between 2011 and 2015, this sector contracted by 15.8% due to a decline in international prices, principally with respect to soy flour. In 2015, exports of these products contracted mainly due to an 18.7% decrease in food industry residue and waste and a 40.2% decrease in dairy product exports. The decrease was partially offset by a 8.0% increase in exports of oil and fats. Provincial exports of manufactured goods of agricultural origin for 2015 amounted to U.S.\$10.1 billion and represented 77.3% of total provincial exports, and 43.8% of total Argentine exports of manufactured goods of agricultural origin.

### Manufactured Goods of Industrial Origin

Exports of manufactured goods of industrial origin include chemicals, rubbers, stone and plaster and transportation materials. From 2011 to 2014, manufactured goods of industrial origin were the second most important provincial export and in 2015, they were the third most important provincial export. From 2011 through 2015, these products represented 17.5% of total provincial exports and 11.8% of total national exports in this sector. However, from 2011 through 2015 exports of these products decreased 66.4%. In 2015, these exports recorded a 47.8% decrease due to a 54.0% decrease in chemicals exports and a 54.2% decrease in transportation materials exports. Biodiesel exports represent over 50% of chemical exports. Machinery and transportation materials are second in order of importance, with a share of 25.6%, mainly comprised of motorcycle and automobile exports. Provincial exports of manufactured goods of industrial origin for the year ended December 31, 2015, amounted to U.S.\$ 1.4 billion and represented 10.5% of total provincial exports and 7.7% of total Argentine exports.

### *Fuel and Energy*

Fuel and energy exports consist of exports of fuel, grease and lubricants, petroleum gas, electrical energy and other fuel and energy products. From 2011 through 2015, these products represented 0.6% of the total provincial exports and 1.9% of total national exports in this sector. Exports of these products contracted by 55.8% from 2011 to 2015.

### *Destination of Exports*

The following table sets forth the breakdown of the Province's exports by geographic destination from 2011 through 2015:

### **Geographic Distribution of Exports 2011 - 2015 (in millions of U.S. dollars and percentages)**

For the year ended December 31,															
Country	2011			2012			2013			2014			2015		
	Amount	Variation	Share of total exports	Amount	Variation	Share of total exports	Amount	Variation	Share of total exports	Amount	Variation	Share of total exports	Amount	Variation	Share of total exports
India .....	676	18.29%	3.6%	818	20.9%	4.6%	673	(17.7)%	4.0%	999	48.4%	6.2%	1,202	20.3%	9.1%
China .....	1,277	10.7%	6.8%	1,190	(6.7)%	6.6%	1,199	0.7%	7.1%	909	(24.2)%	5.7%	1,079	18.7%	8.2%
Brazil .....	1,980	31.0%	10.5%	1,871	(5.5)%	10.4%	1,684	(10.0)%	10.0%	1,223	(27.4)%	7.6%	785	(35.8)%	6.0%
Vietnam .....	334	9.1%	1.8%	380	13.8%	2.1%	486	28.1%	2.9%	663	36.5%	4.1%	689	3.9%	5.2%
Algeria .....	757	57.6%	4.0%	595	(21.5)%	3.3%	805	35.4%	4.8%	735	(8.7)%	4.6%	556	(24.4)%	4.2%
Indonesia .....	612	30.2%	3.2%	787	28.7%	4.4%	762	(3.21)%	4.5%	685	(10.1)%	4.3%	466	(32.0)%	3.5%
Egypt .....	606.9	54.5%	3.2%	307	(44.0)%	1.7%	402	18.45%	2.4%	343	(14.9)%	2.1%	433	26.5%	3.3%
Venezuela .....	540	74.5%	2.9%	596	10.4%	3.3%	593	(0.6)%	3.5%	654	13.6%	4.1%	490	(27.34)%	3.7%
Malaysia .....	414	3.9%	2.2%	541	30.4%	3.0%	517	(4.4)%	3.1%	516	(0.1)%	3.2%	425	(17.6)%	3.2%
Spain .....	1,421	46.3%	7.5%	1,265	(11.0)%	7.1%	521	(58.8)%	3.1%	733	40.7%	4.6%	457	(37.7)%	3.5%
United States.....	242	19.1%	1.3%	198	(18.1)%	1.1%	477	140.7%	2.8%	200	(58.0)%	1.2%	409	104.2%	3.1%
Iran .....	483	(32.0)%	2.6%	498	5.4%	2.8%	517	1.7%	3.1%	581	12.3%	3.6%	386	(33.7)%	2.9%
Poland.....	365	13.7%	1.9%	447	22.3%	2.5%	383	(14.4)%	2.3%	533	39.2%	3.3%	353	(33.8)%	2.7%
Netherlands.....	1,052	(10.1)%	5.6%	865	(17.7)%	4.8%	592	(31.6)%	3.5%	492	(17.0)%	3.1%	349	(29.0)%	2.6%
Italy .....	1,026	34.3%	5.4%	486	(52.7)%	2.7%	381	(21.5)%	2.3%	406	6.6%	2.5%	411	1.3%	3.1%
<b>Total.....</b>	<b>18,853</b>	<b>22.0%</b>		<b>17,931</b>	<b>(4.9)%</b>		<b>16,794</b>	<b>(6.3)%</b>		<b>16,079</b>	<b>(4.3)%</b>		<b>13,181</b>	<b>(18.0)%</b>	

**Source:** Provincial Institute of Statistics and Censuses; Ministry of Economy of the Province on the basis of information provided by INDEC.

Historically, the main destinations for exports from the Province have been Brazil, China and India. Brazil accounted for 9.4% of total exports originated within the Province in the 2011-2015 period. The Province's main exports to Brazil in 2015 were automobiles and wheat. In 2015, exports to Brazil accounted for 6.0% of total provincial exports, a 21.7% decrease compared to 2014.

China accounted for 6.9% of total exports originated within the Province in the 2011-2015 period. Seeds and oilseeds, oils and fats, meats and hides and skins are the most important exports to China.

In 2015, India accounted for 9.1% of total provincial exports mainly due to a large demand for soybean oil.

### **Economically Active Population and Employment**

INDEC prepares a series of indices used to measure the social, demographic and economic characteristics of the Argentine population based on data collected in the *Encuesta Permanente de Hogares* (Permanent Household

Survey, or “EPH”). The EPH is conducted in the three main urban areas within the territory of the Province, the largest of which is the Greater Rosario area.

The three main urban areas located within the territory of the Province are:

- Greater Rosario, which accounts for approximately 38.8% of the Province’s population;
- Greater Santa Fe, which accounts for approximately 15.4% of the Province’s population; and
- San Nicolás – Villa Constitución, which accounts for approximately 1.5% of the Province’s population.

The publication of the indices prepared by INDEC is currently suspended, as a result of the emergency declared by the new administration with respect to national statistics. See “Risk Factors—Risk Relating to Argentina—The credibility of several Argentine economic indices has been called into question, which has led to a lack of confidence in the Argentine economy and could affect your evaluation of this offering and/or the market value of the notes.”

The following tables set forth employment figures for the third quarter in each of the years from 2011 through 2015 for the main cities of the Province:

**Employment Rate of the Main Urban Areas of the Province 2011 – 2015<sup>(1)</sup>**  
(as a percentage of total population)

	Third quarter of				
	2011	2012	2013	2014	2015
Greater Rosario .....	42.7%	42.3%	44.4%	42.8%	43.4%
Greater Santa Fe .....	39.2%	41.0%	40.0%	40.3%	40.9%
San Nicolás – Villa Constitución.....	38.5%	37.5%	38.5%	37.1%	37.4%

(1) Calculated by dividing the portion of the population employed or actively seeking employment (“economically active population”) by the total population.

Source: INDEC.

**Unemployment Rate of the Main Urban Areas of the Province 2011 - 2015<sup>(1)</sup>**  
(as a percentage of economically active population)<sup>(2)</sup>

	Third quarter of				
	2011	2012	2013	2014	2015
Greater Rosario .....	7.8%	7.7%	7.7%	9.3%	8.8%
Greater Santa Fe .....	9.5%	7.5%	5.2%	7.4%	4.9%
San Nicolás – Villa Constitución.....	6.6%	10.1%	5.8%	7.4%	5.5%

(1) Calculated by dividing the unemployed population seeking employment by the economically active population.

(2) Population employed or actively seeking employment.

Source: INDEC.

**Underemployment Rates of the Main Urban Areas of the Province 2011 - 2015<sup>(1)</sup>**  
(as a percentage of economically active population)<sup>(2)</sup>

	Third quarter of				
	2011	2012	2013	2014	2015
Greater Rosario .....	8.1%	9.5%	6.5%	8.7%	7.0%
Greater Santa Fe .....	7.0%	8.1%	7.2%	6.3%	10.3%
San Nicolás – Villa Constitución.....	5.5%	4.3%	1.2%	2.4%	3.2%

- 
- (1) Calculated by dividing the portion of the population working 35 hours or less per week and with the intent to work more by the economically active population.
  - (2) Population employed or actively seeking employment.
- Source:* INDEC.

## Poverty

The Province's only source of data relating to poverty consists of statistics compiled by INDEC as part of the EPH. Poverty indicators are calculated on the basis of a share of households whose income is not enough to meet a basic basket of goods and services necessary to satisfy food and nonfood essential needs. The basket is valued at market prices and the resulting threshold is called the "poverty line."

INDEC's estimates of poverty were available through June 30, 2013, although they were affected by the same lack of credibility as the INDEC's estimates of prices during the last eight years because the estimated value of market prices of the basket of goods relies on questionable data. Following the declaration of statistical emergency by the new administration (See "Risk Factors—Risk Relating to Argentina—The credibility of several Argentine economic indices has been called into question, which has led to a lack of confidence in the Argentine economy and could affect your evaluation of this offering and/or the market value of the Notes"), on September 28, 2016 INDEC published poverty estimates for the three-month period ended June 30, 2016. These estimates show that the percentage of individuals and households living below the poverty line in the "Pampeana" region, which includes the Greater Rosario, Greater Santa Fe and San Nicolás-Villa Constitución areas, was 22.7% and 32.6%, respectively, compared to 23.1% and 32.2%, respectively, for Argentina.

## Floods in the Province during 2016

The Province declared various measures for agricultural emergencies and disasters within different departments (each one encompassing several municipalities and boroughs) between 2010 and 2015, as a result of adverse weather conditions such as flooding and the overflowing of rivers, which have seriously affected production in the sector in the past.

Such measures can be found in provincial Law Nos. 11,297 and 11,482, which provide for the possibility of seeking provincial loans, extensions for tax payments owed and the suspension of judicial or administrative actions, among other measures, with the objective of limiting the damage caused to sectors affected by adverse weather conditions.

In 2016, heavy rains in several departments of the Province, such as *Belgrano, Castellanos, Garay, General Obligado, La Capital, Las Colonias, San Cristóbal, San Javier, San Jerónimo, San Justo, San Martín* and *Vera*, adversely affected primary production. In April 2016, as a result of adverse weather conditions, which resulted in floods affecting over 3,500,000 hectares in the Province in peak harvesting season, harvesting activities were substantially hindered, resulting in end-of-harvest-cycle diseases, loss of grain quality and high humidity content in harvested grains. Livestock production and dairy product production were affected as a result of blocked or flooded roads, which delayed truck access to the farms, and resulted in water-related diseases such as foot rot, and a lack of feed for livestock. Total losses for the primary sector, as a result of floods in 2016, are estimated at Ps. 20.9 billion.

## Litigation

### *Concession Dispute*

In 1995, the Province awarded a concession to Aguas Provinciales de Santa Fe S.A. ("APSF"), a subsidiary of GDF Suez (now "Engie"), Sociedad General de Aguas de Barcelona ("Aguas de Barcelona") and Interagua Servicios Integrales del Agua S.A. ("Interaguas" and, together with Suez and Aguas de Barcelona, the "APSF Parent Companies"), for the provision of water and wastewater treatment services within the Province. In 2006, the Province issued Decree No. 243/2006, which declared APSF in default under the concession contract and terminated the concession.

In 2008, APSF initiated legal proceedings against the Province before the provincial Administrative Court of Appeals No. 1 (*Cámara Contencioso Administrativa No. 1*), requesting the court to (i) repeal provincial Decree

No. 243/2006; (ii) declare the Province liable for the termination of the concession due to its failure to apply tariff adjustments allegedly set forth under the concession contract; and (iii) impose damages totaling U.S.\$ 428.3 million plus interest on the Province. The proceedings are currently suspended pending final decisions by the provincial Administrative Court of Appeals No. 1 and provincial Supreme Court in related administrative and civil proceedings, respectively, in connection with APSF's request to litigate *in forma pauperis (declaratoria de pobreza)*.

In December of 2015, the Province initiated legal proceedings before the provincial Civil and Commercial Court No. 7 (*Juzgado de Primera Instancia de Distrito en lo Civil y Comercial de la 7° Nominación*) against the APSF Parent Companies for the termination of the concession contract due to their breach of their contractual obligations thereunder. As of the date hereof, the court has not taken any action.

In 2003, the APSF Parent Companies filed a request for arbitration against the Republic of Argentina with the ICSID on the grounds that the Republic of Argentina had violated, in the case of Aguas de Barcelona and Interaguas, the 1991 Treaty Concerning the Reciprocal Encouragement and Protection of Investment between the Republic of Argentina and the Kingdom of Spain, and, in the case of Suez, the 1991 Treaty Concerning the Reciprocal Encouragement and Protection of Investment between the Republic of Argentina and the Republic of France, and seeking approximately U.S.\$ 253.7 million in damages. The arbitral tribunal dismissed the allegations that the Republic of Argentina had incurred in expropriation and denial of full and constant protection and security of investments, but accepted the claim of breach of fair and equitable treatment and imposed damages on the Republic of Argentina totaling U.S.\$ 225.7 million. The Republic of Argentina is in the process of filing an application for the annulment of the award and suspension of execution thereof pending resolution of the annulment proceedings.

### **Provincial Enterprises**

The Province owns all or part of a number of different enterprises. The following is a description of some of the most socially and economically important enterprises owned by the Province.

#### *Provincial Energy Company*

EPE is one of the largest electricity providers in Argentina. EPE supplies electricity to more than 1.2 million customers with a network spanning over 101.0 thousand km<sup>2</sup>, representing 10% of activity in the wholesale electricity market.

EPE was created in 1986 and was granted a concession for the provision of the distribution and commercialization of electric energy within the territory of the Province in the 1990s. At the date of this offering memorandum, the Province owns 100% of EPE's stock. In 2015, EPE's total revenues were Ps. 6.0 billion and total expenditures were Ps. 5.6 billion. In 2015, EPE recorded a financial surplus of Ps. 431.5 million.

The Province made transfers to EPE of Ps. 128.9 million in 2011, Ps. 0 in 2012, Ps. 47.2 million in 2013, Ps. 101.8 million in 2014 and Ps. 141.8 million in 2015, for the financing of works necessary for the "Light and Safe Water" Program, which is a Provincial government program relating to the extension of low voltage and safe connection networks to users in underserved urban areas.

#### *Aguas Santafesinas S.A.*

ASSA is a state-owned company which became a *sociedad anónima* on February 8, 2006, and provides drinking water and sewerage to 15 cities across the Province of Santa Fe. ASSA provides drinking water to 97.4%, or approximately 2.0 million, of the inhabitants of the Province, and sewerage services to 68.5%, or more than 1.4 million inhabitants.

In 2015, ASSA's total revenues were Ps. 2.1 billion and total expenditures were Ps. 2.2 billion. In 2015, ASSA recorded a financial deficit of Ps. 100.8 million.



The Province made transfers to ASSA of Ps. 303.7 million in 2011, Ps. 200.1 million in 2012, Ps. 249.2 million in 2013, Ps. 761.9 million in 2014 and Ps. 1,169.7 million in 2015, for capital expenditures (equipment and works) and for operating expenses.

## PUBLIC SECTOR FINANCES

### Scope and Methodology

The public sector of the Province consists of the central administration of the Province, decentralized provincial institutions, provincial enterprises, trust funds formed (in whole or in part) with provincial funds, and the social security institutions.

The provincial budget and public accounts reflect the consolidated results of the institutions and agencies that comprise the central administration of the Province, decentralized institutions and social security institutions. The Province does not consolidate the results of its municipalities, provincial enterprises and other agencies. Under provincial law, however, the Province is required to transfer a portion of its tax revenues to its municipalities and boroughs. The Province is also required to transfer funds to its provincial enterprises to cover any deficit. The Province records transfers to these unconsolidated entities (including contributions, loans and advances to provincial enterprises) as expenditures, and transfers from these entities as revenues.

The Province maintains its books and records in pesos and prepares its budget and financial statements in accordance with accounting principles set forth in the provincial financial administration law. These principles are generally in line with the accounting principles followed by other Argentine provinces. The principal features of the Province's accounting principles are:

- revenues are not accounted for on an accrual basis, but on the period in which they are effectively received;
- expenditures are accounted for on an accrual basis, regardless of the period in which they are effectively paid;
- capital investments are carried at cost and account for depreciation or amortization. Intangible assets and minor expenditures (i.e. expenditures not exceeding Ps. 10,000) are fully amortized during the period in which they are incurred;
- the use of the double entry system;
- the net equity of decentralized bodies, businesses, companies and other public entities related to the *Balance General de la Administración Central* (General Balance of the Central Administration) are consolidated by the Province; and
- fiscal results are determined by the difference between received revenues and accrued expenditures in each fiscal year and the reconciliation between the budgeted and actual results in the investment account.

### Overview of Provincial Accounts

The financial records and statements of the Province are prepared and examined by the *Contaduría General de la Provincia* (General Accounting Office of the Province) and approved by the provincial *Tribunal de Cuentas* (Audit Tribunal) and provincial legislature. Pursuant to the Financial Administration Law, the General Accounting Office has until June 30 of each year to publish the financial statements of the previous fiscal year.

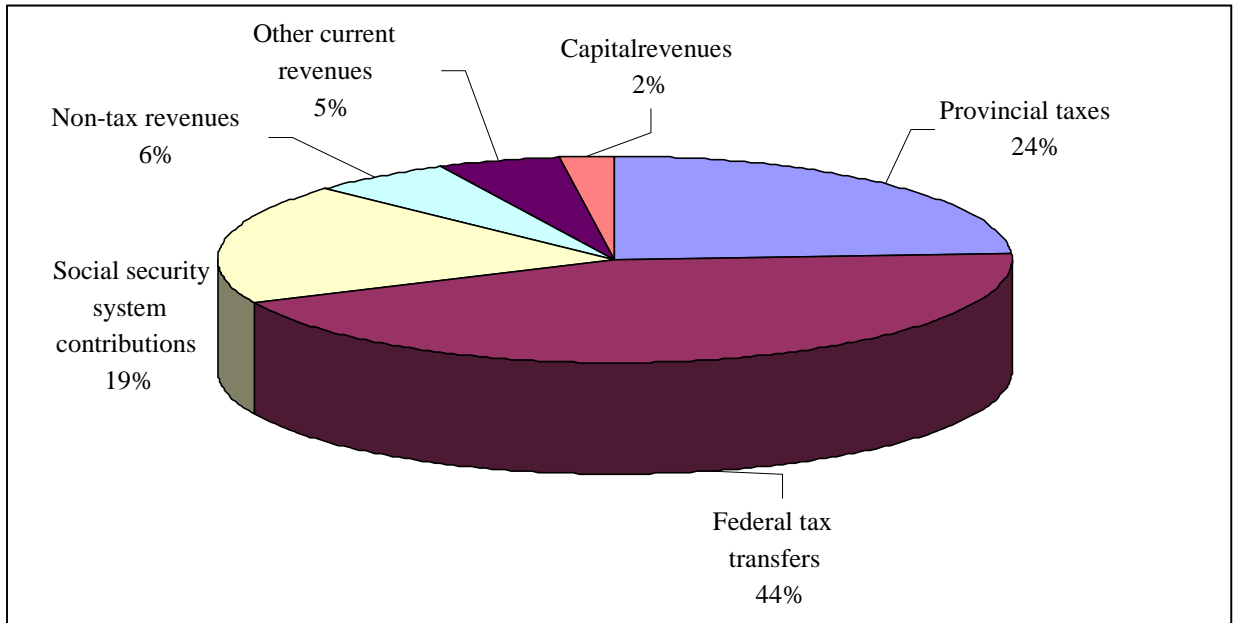
In August 2004, the national Congress adopted Law No. 25,917, the Fiscal Responsibility Law, which became effective on January 1, 2005. This law establishes a fiscal regime for the national government and the provinces relating to transparency in public administration, expenditures, fiscal balances and indebtedness and, in particular, requires balanced budgets. In 2005, the Province adopted into provincial law the operative provisions of the Fiscal Responsibility Law. Certain provisions of the Fiscal Responsibility Law have been frequently suspended (see “Risk Factors—If the Federal Council of Fiscal Responsibility were to determine that the Province's budget did not comply with the Fiscal Responsibility Law, the Province could be subject to sanctions”).

## Main Sources of Revenues

From 2011 through 2015, approximately 67% of the Province's revenues were derived from taxes, either national or provincial. On average, during this period, provincial taxes represented 36.1% of total tax revenues, while federal tax transfers represented 63.9% of total tax revenues.

The following chart shows the sources of the Province's revenues for the year ended December 31, 2015:

**Total Revenues by Source for the Year Ended December 31, 2015**  
(Total = Ps. 85.4 billion)



*Source:* Ministry of Economy of the Province.

The following tables set forth the composition of the Province's tax revenues (including federal transfers) for the periods indicated:

**Composition of Tax Revenues  
(in millions of nominal pesos)**

	For the year ended December 31,					For the six-month period ended June 30,	
	2011	2012	2013	2014	2015	2015	2016
<b>Federal Tax Transfers</b>							
Federal Tax Co-Participation.....	9,181.62	10,472.28	13,720.79	18,927.28	24,611.02	11,137.39	20,780.51
Education Financing .....	-	1,182.86	1,454.38	1,820.87	4,356.63	1,981.75	2,817.99
Conurbano Fund .....	1,137.84	1,478.60	1,986.00	2,930.43	4,197.90	1,911.86	2,327.25
FONAVI.....	151.12	212.52	279.93	386.49	476.46	231.31	257.71
Highway Fund .....	94.78	109.66	150.47	198.70	239.89	116.44	134.02
Others .....	1,446.68	1,729.84	2,189.05	2,858.35	3,567.84	1,857.99	2,094.08
<b>Total Federal Transfers.....</b>	<b>12,012.04</b>	<b>15,185.76</b>	<b>19,780.62</b>	<b>27,122.12</b>	<b>37,449.74</b>	<b>17,236.74</b>	<b>28,411.56</b>
<b>Provincial Taxes</b>							
Gross Revenue Tax.....	5,130.88	6,406.35	9,112.20	12,608.18	16,268.04	7,502.69	10,782.09
Real Estate Tax .....	566.89	678.66	1,133.12	1,454.21	1,892.71	951.66	1,347.68
Automobile Tax.....	53.91	64.41	80.27	102.60	148.00	80.31	110.37
Stamp Tax.....	873.05	989.98	1,289.06	1,611.62	2,317.60	1,021.05	1,452.12
Others .....	18.48	22.25	29.87	38.03	51.92	23.21	31.48
<b>Total Provincial Taxes.....</b>	<b>6,643.21</b>	<b>8,161.65</b>	<b>11,644.52</b>	<b>15,814.64</b>	<b>20,678.27</b>	<b>9,578.92</b>	<b>13,723.74</b>

*Source:* General Accounting Office of the Province.

*Federal Tax Co-Participation Regime*

Under the federal constitution, both the federal and provincial governments are authorized to levy taxes. In 1935, the federal and provincial governments entered into a coordinated tax arrangement (also called “tax co-participation”) pursuant to which the federal government agreed to collect certain taxes on an exclusive basis and to distribute a portion of those tax revenues among the provinces. In exchange, the provincial governments agreed to limit the types of taxes they collected. This coordinated taxation regime has been extended and modified several times since its inception. Currently, the “shared” or “co-participated” taxes are income taxes, value-added taxes, several excise taxes levied on consumption and taxes on financial transactions.

The *Ley de Coparticipación Federal de Recursos Fiscales* (the “Federal Tax Co-Participation Law”) enacted in 1988 and two agreements entered into between the federal and provincial governments in 1992 and 1993, currently govern the tax co-participation system. This scheme was memorialized in the 1994 amendments to the federal constitution, which granted constitutional recognition to the tax co-participation scheme. The current allocation of taxing powers between the federal government and the provinces is as follows:

- federal and provincial governments are both authorized to levy taxes on consumption and impose other indirect taxes;
- the federal government may also levy direct taxes (such as income taxes) in exceptional cases;
- taxes collected by the federal government (except those collected for specific purposes) are to be shared between the federal and provincial governments;
- the federal government has the exclusive right to levy taxes on foreign trade, which are excluded from the tax co-participation regime; and
- the provinces retain all taxing and other powers that are not expressly delegated to the federal government in the federal constitution.

Under the tax co-participation system, the federal government is currently required to transfer to a federal co-participation fund 64.0% of income tax revenues, 89.0% of value-added tax revenues, 100.0% of revenues from the presumptive minimum income tax, 30.0% of banking debits and credits tax revenues and the revenues from excise tax and other minor taxes.

Of the total annual co-participable revenues, Ps. 549.6 million are transferred to the *Fondo de Desequilibrios Fiscales Provinciales* (Provincial Tax Imbalance Fund). Of the remaining revenues, 15.0% is transferred to the federal pension system, and 85.0% is distributed as follows: 41.6% of these funds is transferred to the federal government for its own needs and for transfers to the City of Buenos Aires (which until 1996 was under the administration of the federal government) and the Province of Tierra del Fuego, 1.0% is retained in a special reserve for emergency situations and financial difficulties of the provinces and the remaining 57.4% of these funds is allocated to the provinces to be shared according to percentages set forth in the Federal Tax Co-Participation Law, which was established following negotiations among the federal government and the provinces. Under this law, the Province is entitled to 8.95% of the funds allocated to the provinces, subject to certain deductions or special allocations. The Province is required to transfer a proportion of that amount to the municipalities. After transfers to the municipalities, the Province's use of the remaining federal tax co-participation payments is discretionary.

In addition, the federal government is required to transfer an annual fixed sum to the provinces, including the Province, as partial compensation for provincial expenditures incurred in the administration of the public schools and hospitals within the provincial territory following the delegation of these administrative responsibilities to the provinces in 1994. This amount is deducted from the co-participable revenues to be distributed to all provinces. The Province's share of this fixed sum is Ps. 135.5 million.

In 2006, the *Ley de Financiamiento Educativo* (Education Financing Law) was enacted by the federal Congress, with the goal of increasing financing to education, science and technology to 6.0% of the federal GDP, taking into account the consolidated 2010 budget of the federal government, the provinces and the City of Buenos Aires. Funds received by the Province under the Education Financing Law are deductible from the aggregate amount of co-participable tax transfers that the Province is entitled to under the tax co-participation system. In 2009 and 2010, the Province received Ps. 478.8 million and Ps. 733.9 million, respectively, in financing under the Education Financing Law. The Education Financing Law expired in 2010 and was not renewed for 2011. However, since 2012, the national budget laws reestablished this special allocation of funds. The Province received Ps. 1.2 billion in 2013, Ps. 1.5 billion in 2014 and Ps. 4.3 billion in 2015. The Province has budgeted to receive Ps. 5.7 billion in 2016 for the financing of education, science and technology.

In 2009, the federal government created the *Fondo Federal Solidario* (Federal Solidarity Fund) using 30.0% of the amount collected by the federal government from soybean export duties. The amounts from this fund are distributed to the provinces under the percentages established in the tax co-participation system for use on infrastructure projects. In turn, the provinces are required to transfer 30.0% of their share of these revenues to their respective municipal governments.

Certain taxes not governed by the main tax co-participation system, such as the personal property tax, the *Monotributo* (Simplified Regime for Small Taxpayers), fuel tax and energy tax, are regulated by special regimes of co-participation.

In November 2015, the Supreme Court of Argentina ruled against the federal government, in connection with cases brought by the Province and the Province of San Luis, whereby the 15.0% deduction from co-participation payments assessed on the provinces to fund the ANSeS was declared unconstitutional. The Court concluded that between 1992 and 2005 such deduction took place with the agreement of these provinces. However, since 2006 such deduction was made by the federal government without the consent of the provinces. The rulings include an order to return to those provinces the co-participation payments deducted since 2006. The Supreme Court's decision also calls for the enactment of a new revenue sharing regime. Pursuant to this ruling, the Province is entitled to receive approximately Ps. 18.8 billion, plus applicable interest, from the federal government in compensation for amounts incorrectly withheld in the past. An additional ruling issued by the Supreme Court of Argentina in November 2015 granted the province of Córdoba an injunction suspending the 15.0% deduction of the shared taxes carried to fund the ANSeS from that province.

In a separate ruling in November 2015, the Supreme Court of Argentina declared Sections 1.(a) and 4 of Decree No. 1,399/01, which granted the AFIP the right to fund itself from co-participation revenues, unconstitutional and ordered the AFIP to discontinue withholding any amounts that may result from applying such decree, as applicable to the Province, and to reimburse any sums withheld from the Province on account of Sections 1.(a) and 4 of Decree No. 1,399/01 since August 7, 2003. Under this ruling, the Province is entitled to receive approximately Ps. 4.7 billion, plus applicable interest, from the federal government in compensation for amounts incorrectly withheld in the past.

In February 2016, the new administration issued an emergency decree creating the *Programa Acuerdo para el Nuevo Federalismo* (“Agreement for a New Federalism”) and forming a designated council with the objective of reaching an agreement among the federal government, all provinces other than Córdoba, San Luis and the Province and the City of Buenos Aires for the gradual repayment of withheld funds. In May 2016, each province and the City of Buenos Aires agreed to be bound by the terms of the Agreement for a New Federalism, through which they will gradually recover their share of such 15%, subject to certain conditions. A special financing facility through ANSeS will provide the equivalent of 6% of the 15% owed to the provinces during the first year, and 3% each year thereafter, and will be available to each province other than Córdoba, San Luis and the Province, with which the federal government reached a separate agreement relating to the restitution ordered by the Supreme Court of Argentina.

In addition, pursuant to Decree No. 194/16, the federal government increased the co-participation coefficient of the City of Buenos Aires, from 1.4% to 3.75%, thereby reducing federal government’s revenues.

The Province has pledged a part of its revenues from federal tax transfers, including a part of the federal tax co-participation, to secure certain outstanding obligations, among which are certain multilateral loans. Under these security arrangements, the federal government is entitled to withhold a portion of the Province’s federal tax transfers to cover principal and interest payments on the secured obligations. See “Public Sector Debt—Pledge of Tax Co-Participation Revenues.”

The following table sets forth the Province’s share of total federal automatic transfers to the Argentine provinces (other than pursuant to the Federal Solidarity Fund) compared to that of other provinces with a similar level of per capita GDP from 2011 through 2015.

**Provincial Share of Total Federal Automatic Tax Transfers  
(in percentages)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Province of Santa Fe.....</b>	9.05%	9.05%	9.07%	9.09%	9.19%
<b>Province of Buenos Aires .....</b>	19.78%	19.62%	19.49%	19.24%	19.04%
<b>Province of Córdoba.....</b>	8.91%	8.93%	8.95%	8.98%	9.06%
<b>Province of Mendoza.....</b>	4.22%	4.23%	4.23%	4.25%	4.24%

*Source:* Federal Office for Provincial Fiscal Coordination, Ministry of Treasury and Public Finances, 2010 National Census (INDEC)

The following table sets forth the Province’s federal tax co-participation revenues per capita (based on the 2001 and 2010 Permanent Household Survey) compared to that of other provinces with a similar level of relative development from 2011-2015.

**Provincial Per Capita Tax Co-Participation Revenues  
(in Ps.)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Province of Santa Fe</b> .....	3,726.7	4,726.9	6,170.1	8,482.4	11,725.2
<b>Province of Buenos Aires</b> .....	1,665.0	2,096.0	2,710.3	3,671.3	4,964.3
<b>Province of Córdoba</b> .....	3,543.6	4,503.7	5,877.9	8,086.4	11,153.8
<b>Province of Mendoza</b> .....	3,190.5	4,059.8	5,290.4	7,286.9	9,937.5
<b>Average of all Provinces</b> .....	3,343.5	4,243.5	5,524.3	7,576.6	10,354.0

*Source:* Federal Office for Provincial Fiscal Coordination, Ministry of Treasury and Public Finances, 2010 National Census (INDEC)

*Other Federal Tax Transfers*

The federal government also distributes to the Province tax revenues that are not included in the tax co-participation regime described above. The principal additional tax revenues transferred by the federal government include the following:

- *Housing Fund.* The federal government is required to transfer 33.2% of revenues from the federal tax on fuels to the *Fondo Nacional de la Vivienda* (National Housing Fund, or “FONAVI”), for purposes of funding the construction of low-income housing around the country. Under current federal law, the Province is entitled 8.84% of the funds transferred to FONAVI. The Province received from the National Housing Fund Ps. 151.1 million in 2011, Ps. 212.5 million in 2012, Ps. 279.9 million in 2013, Ps. 386.5 million in 2014, Ps. 476.5 million in 2015 and 257.7 million in the six-month period ended June 30, 2016. According to the 2016 budget, the Province expects to receive Ps. 647.0 million in 2016.
- *Highway Fund.* The federal government is required to transfer 13.7% of revenues from the federal tax on fuels to the *Fondo de Vialidad* (the “Highway Fund”). The Highway Fund distributes these funds to the provinces on the basis of road construction and maintenance expenditures of each province, as well as other factors that include population size and fuel consumption. The Province received from the Highway Fund Ps. 94.8 million in 2011, Ps. 109.6 million in 2012, Ps. 150.5 million in 2013, Ps. 198.7 million in 2014, Ps. 239.9 million in 2015 and 134.0 million in the six-month period ended June 30, 2016. According to the 2016 budget, the Province expects to receive Ps. 335.8 million in 2016.
- *Federal Teachers’ Incentive Fund.* The *Fondo Nacional de Incentivo Docente* (Federal Teachers’ Incentive Fund), was created in 1999 and is intended to improve state and state-subsidized private school teacher’s wages in the provinces and the City of Buenos Aires. The annual federal budget allocates general federal revenues to this fund. The allocation of this fund to the provinces is based on criteria corresponding to the number of teachers and class hours in every province. The Province received from the Federal Teacher’s Incentive Fund Ps. 227.7 million in 2011, Ps. 263.5 million in 2012, Ps. 268.8 million in 2013 and Ps. 274.8 million in 2014, Ps. 405.4 million in 2015 and 484.7 million in the six-month period ended June 30, 2016. According to the 2016 budget, the Province expects to receive Ps. 585 million in 2016.

- *Conurbano Fund*: The *Fondo Para Obras de Carácter Social* (Fund for Socially-Oriented Public Works), commonly known as the *Fondo del Conurbano* (Conurbano Fund), was created by Law No. 24,624, and requires the federal government to transfer up to 10.0% of the revenues from the federal income tax to the Province of Buenos Aires subject to an annual cap of Ps. 650 million. Any amounts which exceed such cap are proportionally transferred to the other provinces on a monthly basis. The Province of Buenos Aires has requested on several instances that the cap be raised or removed. Any amendment to the amount received by the Province of Buenos Aires will impact the amounts received by the remaining provinces. The Province received from the Conurbano Fund Ps. 1.1 billion in 2011, Ps. 1.5 billion in 2012, Ps. 2.0 billion in 2013, Ps. 2.9 billion in 2014, Ps. 4.2 billion in 2015 and 2.3 billion in the six-month period ended June 30, 2016. According to the 2016 budget, the Province expects to receive Ps. 5.4 billion in 2016.

#### *Federal Contributions*

The Province does not receive other material payments or transfers from the federal government as federal contributions, which other provinces have received. These contributions consist primarily of discretionary transfers to the provinces, known as *Aportes del Tesoro Nacional* (National Treasury Contribution Fund), to meet special or emergency needs or to finance certain expenditures of national interest.

In addition, pursuant to a 1999 agreement among the federal government and the provinces, the federal government offered to assume responsibility for provincial pension obligations within the national pension system and agreed to fund deficits in any provincial pension systems that were not transferred to it. Because the Province elected not to transfer its pension system to the federal government, it is entitled to receive transfers from the federal government from time to time to finance projected deficits in the provincial pension system. The Province has received no federal contributions since 2006 and has provisionally funded any such deficit using general provincial revenues.

#### *Provincial Tax Revenues*

Historically, provincial tax revenues have been one of the most important sources of the Province's revenue. In 2015, 35.6% of total tax revenues were provincial tax revenues, which, in turn, represented 24.2% of total revenues for 2015. As of the date of this offering memorandum, the following are the main provincial taxes:

- *Gross Revenue Tax*. The gross revenue tax is the single largest source of provincial tax revenue. Gross revenues of most industrial, commercial and business activities, carried out within the jurisdiction of the Province, are taxed at rates ranging from 3% to 4.5%. The applicable rate depends on a variety of factors, including the nature of the taxpayer, the type of activity and the size of its business or activity. Exempted activities include work in an employer-employee relationship, holding public office and export of goods and services. In addition, all of the activities performed by the federal, provincial and the City of Buenos Aires governments, stock exchanges and other capital markets, privately owned schools and religious institutions are also exempt. Gross revenue tax on alcoholic beverages, gambling and other activities which the Province considers detrimental to a person's health are normally taxed at higher rates. Pursuant to provincial Law No. 9,595, the Province transfers 13.4% of its gross revenue tax revenues to its municipalities and boroughs.
- *Real Estate Tax*. The real estate tax is determined by applying a tax assessment on the appraised fiscal value of urban and rural real estate located in the Province. Both the applicable tax rate and the applicable tax base depend on a variety of factors, including the location (urban or rural) and the condition (vacant, built, improved). Also, all real estate owned by federal, provincial and municipal governments, religious temples, non-profit organizations, universities, public libraries, health care organizations and free social assistance, and firefighting services, among others, or which are historical monuments, are exempt from the real estate tax. The Province also grants a 100% real estate tax discount for properties owned by retirees or pensioners whose retirement pension is below Ps. 7,313. Half of the proceeds from such taxes are kept by the Province and allocated to road construction and maintenance, while the other half is distributed to the municipalities and boroughs.



- *Automobile Tax.* The Province charges a tax on automobiles registered in the Province. The tax rate, which ranges from 1.8% to 2.3% for most motor vehicles, is determined by taking into consideration the model, year, type, category and appraised value of the vehicle, and is fixed annually in a provincial tax law. The appraised value of each vehicle is calculated as a percentage of the valuation determined by the Federal Automobile Register and by recorded liens on the vehicle. Certain vehicles used for productive activities are classified as capital assets and are subject to a lower tax rate than vehicles deemed to be final consumer goods. The Province transfers 90% of revenues from this tax to municipalities and boroughs, and retains the remaining 10%, except for late payments received the year after they are accrued, 100% of which are transferred to its municipalities and boroughs.
- *Stamp Tax.* The Province levies a stamp tax on all acts, agreements and transactions, for good and valuable consideration, entered into within the territory of, or that have effects in, the Province, and that are documented in private or public instruments. The tax rate ranges from 0.05% to 1.2% of the value of the underlying agreement or transaction depending on the amount of the transaction. All parties to the activity subject to this tax are jointly and severally liable for its payment.

#### *Creation of the Provincial Tax Administration Agency (API)*

In 1992, pursuant to Law No. 10,792, the Province created the *Administración Provincial de Impuestos* (Provincial Tax Administration Agency, or “API”). API is a decentralized agency that implements the Province’s tax policies and carries out the determination, supervision and collection of taxes. API has its own budget, funded in part by a percentage of provincial tax revenues, which is determined on an annual basis by the relevant budget law. In addition, API agents receive 0.25% of revenues generated by the collection of certain provincial taxes.

#### *Provincial Non-Tax Revenues*

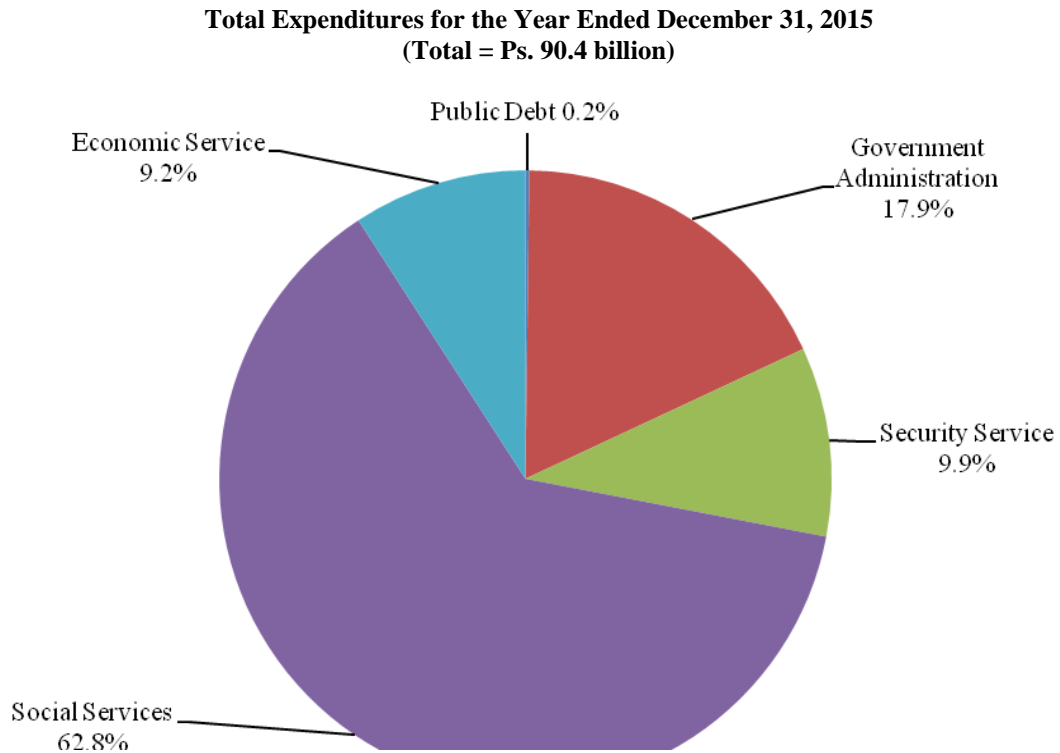
The Province derives non-tax revenues from various sources, including:

- transfers of net profits or surpluses from decentralized provincial agencies and enterprises, including the *Caja de Asistencia Social-Lotería de Santa Fe* (Social Assistance Institute-Lottery of Santa Fe, or “Lottery”);
- proceeds from the sale of assets and loan recovery;
- revenues from collecting fees (for services provided to third parties) and fines;
- interest accrued on the Province’s loans to municipalities or other unconsolidated provincial agencies and enterprises; and
- proceeds from the lease of provincial land.

## Composition of Expenditures

The Province provides a number of public services, primarily related to healthcare, social welfare, education, housing, security, social programs, social security, investments in public infrastructure and general provincial administration. Such services account for more than 99.8% of provincial expenditures (excluding debt service payments).

The following graph shows the Province's total expenditures by sector, for the year ended December 31, 2015:

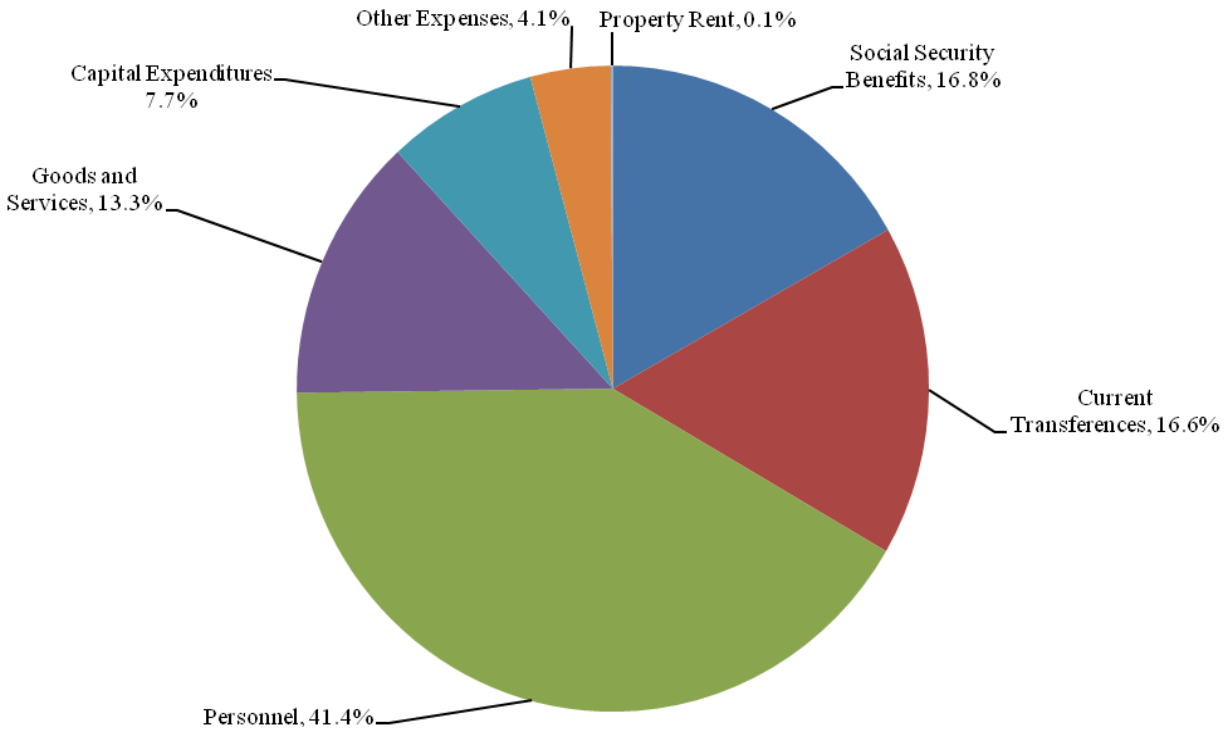


*Source:* General Accounting Office of the Province.

The Province's expenditures are classified as current and capital expenditures. Current expenditures consist of costs of personnel, goods and services and current transfers, which include net transfers to municipalities in accordance with the provincial tax co-participation regime and to unconsolidated provincial agencies and enterprises. Capital expenditures include real direct investment, loans and capital contributions to provincial enterprises and loans and transfers to municipalities for public works.

The following graph shows the composition of the Province's total expenditures, for the year ended December 31, 2015:

**Total Expenditures for the Year Ended December 31, 2015**  
(Total = Ps. 90.4 billion)



*Source:* General Accounting Office of the Province.

### Composition of Expenditures

The following table set forth the composition of the Province's expenditures for the periods indicated:

#### Composition of Expenditures (in millions of nominal pesos)

	For the year ended December 31,					For the six-month period ended June 30,	
	2011	2012	2013	2014	2015	2015	2016
<b>Current Expenditures</b> .....	<b>28,008.89</b>	<b>34,559.50</b>	<b>44,821.36</b>	<b>61,442.78</b>	<b>83,476.99</b>	<b>37,381.40</b>	<b>51,164.61</b>
Personnel .....	12,397.66	15,677.50	19,997.86	27,332.90	37,436.97	17,045.22	23,185.85
Good and Services .....	3,774.14	4,385.65	5,935.01	8,473.90	12,044.20	5,068.29	6,443.59
Property Rent .....	31.35	27.40	22.46	27.94	74.38	14.05	103.54
Social Security Benefits .....	4,911.41	6,280.43	8,131.64	11,347.83	15,232.04	7,033.00	9,739.55
Current Transfers .....	5,443.38	6,461.50	8,316.99	11,384.13	14,928.20	6,563.71	9,495.54
Miscellaneous .....	1,450.95	1,727.03	2,417.40	2,876.07	3,707.21	1,657.13	2,196.54
<b>Capital Expenditures</b> .....	<b>2,318.06</b>	<b>1,660.91</b>	<b>2,675.83</b>	<b>4,344.92</b>	<b>7,010.67</b>	<b>3,003.88</b>	<b>3,337.45</b>
Capital Investments .....	1,408.65	1,095.48	1,868.64	2,662.76	4,810.85	1,797.19	2,281.30
Capital Transfers .....	686.28	459.59	711.86	1,563.58	1,995.63	1,104.92	1,003.87
Loans and Capital Contributions .....	223.13	105.84	95.33	118.58	204.19	101.77	52.28
<b>Total Expenditures</b> .....	<b>30,326.95</b>	<b>36,220.40</b>	<b>47,497.19</b>	<b>65,787.70</b>	<b>90,487.66</b>	<b>40,385.28</b>	<b>54,502.06</b>

Source: General Accounting Office of the Province.

### Current Expenditures

*Personnel.* Personnel expenditures, which consist mainly of wages and other benefits paid to employees of the general provincial administration are the largest component of the Province's total expenditures, representing approximately 41% of total expenditures in 2015.

The following table shows the number of public employees by sector from 2011 through 2015.

#### Provincial Employees 2011-2015 (number of employees)

	As of December 31,									
	2011		2012		2013		2014		2015	
Education .....	49,513	42.4%	50,985	41.5%	53,668	41.8%	55,428	41.9%	56,613	41.2%
Health and Social Aid .....	18,925	16.2%	21,628	17.6%	21,969	17.1	22,503	17.0%	23,365	17.0%
Security Services .....	19,898	17.1%	20,848	17.0%	21,380	16.7%	22,660	17.1%	25,093	18.2%
Judicial System .....	3,137	2.7%	3,209	2.6%	3,454	2.7%	3,631	2.8%	3,792	2.8%
Others .....	25,258	21.6%	26,114	21.27%	27,869	21.71%	27,971	21.16%	28,714	20.9%
<b>Total</b> .....	<b>116,731</b>	<b>100.0%</b>	<b>122,784</b>	<b>100.0%</b>	<b>128,340</b>	<b>100.0%</b>	<b>132,193</b>	<b>100.0%</b>	<b>137,577</b>	<b>100.0%</b>

Source: Ministry of Economy of the Province.

In 2011, provincial employment increased by approximately 0.8%, as compared to 2010. In 2012, provincial employment increased by 5.2% as compared to 2011, due to an increase in personnel in the health, security services, education and social assistance sectors. In 2013, provincial employment increased by 4.5%, mainly as a result of an increase in personnel in the education, security services and judicial sectors. In 2014, provincial employment increased by 3.0%, mainly as a result of an increase in the education and security services sectors. In 2015, the Province registered a 2.6% increase in personnel, mainly due to an increase in personnel in the security sector.

The public sector employees of the Province are represented by 15 separate unions, including four teachers unions, two unions for the central administration and one union for judicial employees.

In recent years, the provincial government has agreed to wage increases in recognition of the impact of inflation on wages. These increases have been granted frequently in several stages over any year.

In 2015, a two-stage wage increase was agreed. The first stage involved a 21% increase, payable as of March 2015; while the second stage involved an additional increase of 10% (31% in the aggregate), payable as of July 2015.

Wage negotiations for 2016 began in February 2016. In March 2016, an agreement was reached with several unions, which includes a two-stage wage increase. The first stage involved an average wage increase of 20%, payable as from March 2016, while the second stage involves an average wage increase of 10% (30% in the aggregate) payable as from July 2016.

*Goods and Services.* The Province purchases a wide variety of goods and services from the private sector in connection with the provision of education, health, security and other public services, and the administration and general maintenance of the provincial government. In 2015, goods and services accounted for 13.3% of total expenditures.

*Current Transfers.* Pursuant to provincial law, the Province is required to transfer to its municipalities and boroughs 13.4% of revenues collected by the Province pursuant to the gross revenue tax, 50% of revenues collected from real estate tax, and 90% of automobile tax (except for late payments received the year after they are accrued, in which case the Province transfers 100% of the revenues to its municipalities and boroughs). The Province also receives federal transfers to finance education and transfers part of those funds to its municipalities and boroughs. Transfers to municipalities and boroughs accounted for 46% of the total current transfers during 2015. The balance of current transfers include those allocated to finance several social programs, grant subsidies to private schools and community kitchens.

### ***Capital Expenditures***

*Capital Investment.* Capital investments have historically constituted an important component of total capital expenditures. Most capital investments relate to public works, such as hydraulic and waterworks, housing, roads and construction of public buildings, among other investments. Other capital investments include the purchase of new capital goods such as hospital equipment, automobiles and computers.

*Loans and Capital Contributions.* This category comprises loans to municipalities and boroughs, principally for public works and low-cost housing.

*Capital Transfers.* This category comprises transfers for public works, including transfers to provincial enterprises, such as ASSA and EPE. Capital Transfers also include subsidies to municipalities and boroughs within the *Programa de Gestión Municipal* (Municipal Management Program, or “PMGM”) and the *Fondo Federal Solidario* (Federal Social Fund), among others. These category also includes subsidies for investments in the *Parque Industrial Tecnológico* (Industrial and Technology Park), foundations and non-profit organizations, among others. In 2015, capital transfers amounted to Ps. 2.0 billion as compared to Ps. 1.6 billion in 2014, including Ps. 770.1 million in transfers to municipalities and boroughs (Ps. 724.8 million in 2014), and Ps. 953.2 million in transfers to provincial enterprises (Ps. 680.6 million in 2014). In the six-month period ended June 30, 2016, capital transfers amounted to Ps. 1.0 billion, including Ps. 618.5 million in transfers to municipalities and boroughs, and Ps. 263.5 million in transfers to provincial enterprises.

## Evolution of Fiscal Results

The following table shows the Province's fiscal results in nominal pesos from 2011 through June 30, 2016.

	Fiscal Results (in millions of nominal pesos, except as otherwise indicated)					For the six-month period ended June 30,			
	For the year ended December 31,					2015 (U.S.\$) millions <sup>(1)</sup>		2016 (U.S.\$) millions <sup>(1)</sup>	
	2011	2012	2013	2014	2015	2015	2016	2015	2016
<b>Current Revenues</b> .....	27,895.47	35,009.28	46,105.62	62,459.13	83,610.26	9,020.42	37,332.52	54,433.71	3,619.26
<b>Total Tax Revenues</b> .....	18,655.25	23,347.41	31,425.14	42,936.76	58,128.01	6,271.23	26,815.66	39,320.29	2,614.38
Provincial Taxes.....	6,643.21	8,161.65	11,644.52	15,814.65	20,678.27	2,230.91	9,578.92	13,723.74	912.48
Federal Tax Transfers.....	12,012.04	15,185.76	19,780.62	27,122.11	37,449.74	4,040.32	17,236.74	25,596.55	1,701.90
<b>Social Security Contributions</b> .....	5,513.74	7,048.34	9,066.30	12,092.30	16,122.37	1,739.39	6,379.91	9,151.53	608.48
<b>Non-Tax Revenues</b> .....	2,066.62	2,458.69	3,112.80	3,949.56	5,118.52	552.22	2,278.37	3,008.48	200.03
<b>Other Non-Tax Revenues</b> .....	1,659.85	2,154.84	2,501.38	3,480.51	4,241.35	457.58	1,858.58	2,953.41	196.37
Current Transfers.....	1,411.59	1,870.17	2,136.93	2,926.62	3,520.27	379.79	1,561.66	2,510.13	166.90
Asset Sales.....	197.00	260.55	342.23	520.51	680.91	73.46	281.80	374.89	24.93
Property Rent.....	51.27	24.08	22.22	33.38	40.17	4.33	15.12	68.39	4.55
<b>Current Expenditures</b> .....	28,008.89	34,559.50	44,821.36	61,442.78	83,476.99	9,006.04	37,381.40	51,164.61	3,401.90
Personnel.....	12,397.66	15,677.50	19,997.86	27,332.90	37,436.97	4,038.94	17,045.22	23,185.85	1,541.61
Good and Services.....	3,774.14	4,385.65	5,935.01	8,473.90	12,044.20	1,299.41	5,068.29	6,443.59	428.43
Property Rent.....	31.35	27.40	22.46	27.94	74.38	8.02	14.05	103.54	6.88
Social Security Benefits.....	4,911.41	6,280.43	8,131.64	11,347.83	15,232.04	1,643.33	7,033.00	9,739.55	647.58
Current Transfers.....	5,443.38	6,461.50	8,316.99	11,384.13	14,928.20	1,616.38	6,563.71	9,495.54	631.35
Miscellaneous.....	1,450.95	1,727.03	2,417.40	2,876.07	3,707.21	399.96	1,657.13	2,196.54	146.05
<b>Current Account Balance</b> .....	(113.43)	449.78	1,284.26	1,016.35	133.27	14.38	(48.88)	3,269.10	217.36
<b>Capital Revenues</b> .....	788.63	816.30	1,062.73	1,663.02	1,838.18	198.31	953.56	1,284.58	85.41
<b>Capital Expenditures</b> .....	2,318.06	1,660.91	2,675.83	4,344.92	7,010.67	756.36	3,003.88	3,337.45	221.90
Capital Investments.....	1,408.65	1,095.48	1,868.64	2,662.76	4,810.85	519.03	1,797.19	2,281.30	151.68
Capital Transfers.....	686.28	459.59	711.86	1,563.58	1,995.63	215.30	1,104.92	1,003.87	66.75
Loans and Capital Contributions.....	223.13	105.84	95.33	118.58	204.19	22.03	101.77	52.28	3.48
<b>Total Revenues</b> .....	28,684.09	35,825.58	47,168.35	64,122.15	85,448.44	9,218.73	38,286.08	55,718.29	3,704.67
<b>Total Expenditures</b> .....	30,326.95	36,220.40	47,497.19	65,787.70	90,487.66	9,762.40	40,385.28	54,502.06	3,623.81
<b>Primary Balance (excludes interest expenses)</b> .....	(1,613.41)	(367.80)	(306.40)	(1,637.82)	(4,966.72)	(535.84)	(2,086.22)	1,319.73	87.75
<b>Financial Balance</b> .....	(1,642.86)	(394.82)	(328.85)	(1,665.55)	(5,039.22) <sup>(3)</sup>	(543.66)	(2,099.20)	1,216.23	80.87
<b>Financing Sources</b> .....	4,190.21	4,455.90	6,150.36	7,778.47	2,558.98	276.08	8,556.90	11,597.79	771.13
Unallocated Revenues <sup>(2)</sup> .....	1,020.56	881.44	1,542.35	1,735.96	1,644.83	177.46	611.93	781.09	51.93
Borrowings.....	3,169.64	3,574.45	4,608.01	6,042.51	914.15	98.62	7,944.97	10,816.70	719.20
<b>Use of Financing</b> .....	2,547.34	4,061.07	5,821.52	6,112.93	1,273.30	137.37	6,129.73	12,291.46	817.25
Financial Investment / Allocated Revenues.....	2,348.36	3,703.34	5,476.63	114.56	216.23	23.33	5,462.16	11,000.60	731.42
Repayments and other indebtedness decrease.....	198.99	357.73	344.89	360.60	1,057.07	114.04	667.57	1,290.86	85.83
<b>Total Results</b> .....	(1,642.86)	394.82	328.85	1,665.55	(3,753.55) <sup>(4)</sup>	(404.96)	327.97	522.56	34.74

**Source:** General Accounting Office of the Province.

- (1) Peso amount as of December 31, 2015 have been converted into U.S. dollars solely for the convenience of the reader at a rate of Ps. 9.269 per U.S.\$ 1.00, which was the average rate published by the *Banco de la Nación Argentina* in 2015. Peso amount as of June 30, 2016 have been converted into U.S. dollars solely for the convenience of the reader at a rate of Ps. 15.04 per U.S.\$ 1.00, which was the average rate published by the *Banco de la Nación Argentina* in the six-month period ended June 30, 2016. The U.S. dollars equivalent information should not be construed to imply that the peso amounts represent or could have been or could be converted into U.S. dollars at such rates or any other rate.
- (2) Includes: (i) unallocated revenues from previous years from the institutions and agencies that comprise the central administration of the Province, decentralized institutions and social security institutions; (ii) repayment of advances made to municipalities and boroughs; and (iii) advances made by the Province to public works contractors in connection with public works that were not executed by year end.
- (3) In November 2015, the Supreme Court of Argentina ruled that the withholding by the federal government of certain co-participation revenues was unconstitutional (See “—Federal Tax Co-Participation Regime”). If the federal government had not withheld such amounts in 2015, the Province would have received an additional Ps. 4.8 billion in federal tax transfers in 2015 (net of revenue sharing to municipalities and boroughs), which would have resulted in a financial balance deficit of Ps. 699.1 million instead of a financial balance deficit of Ps. 5.0 billion.
- (4) The Ps. 3.7 billion total deficit in 2015 was offset during the first quarter of 2016 by a Ps. 1.5 billion surplus and the dedication of funds from the IFOA.

## **Fiscal Result of 2013 Compared to Fiscal Result of 2012**

*Total Revenues.* In 2013, total revenues increased by 31.7%, to Ps. 47.2 billion from Ps. 35.8 billion in 2012. This increase reflects the following:

- a 34.6% increase in total tax revenues, to Ps. 31.4 billion in 2013 from Ps. 23.3 billion in 2012, resulting from a 30.2% increase in federal tax transfers, to Ps. 19.8 billion from 15.2 billion and a 42.7% increase in provincial tax revenues, to Ps. 11.6 billion in 2013 from Ps. 8.2 billion in 2012, as a result of:
  - a 42.2% increase in gross revenue tax collections, to Ps. 9.1 billion in 2013 from Ps. 6.4 billion in 2012, as a result of an increase in prices and certain tax amendments;
  - a 67.1% increase in real estate tax collections, to Ps. 1.1 billion in 2013 from Ps. 0.7 billion in 2012, due to the effect of a tax amendment which increased properties' nominal value for tax purposes by 120% resulting in an increase in tax collections; and
  - a 31.0% increase in federal co-participation regime transfers, to Ps. 13.7 billion in 2013 from Ps. 10.5 billion in 2012.
- a 26.6% increase in non-tax revenues, to Ps. 3.1 billion in 2013 from Ps. 2.5 billion in 2012.
- a 22.3% increase in social security contributions to Ps. 9.1 billion in 2013 from Ps. 7.1 billion in 2012.

*Total Expenditures.* In 2013, the Province's total expenditures increased by 31.1%, to Ps. 47.5 billion from Ps. 36.2 billion in 2012. This increase reflects primarily the following:

- a 27.6% increase in personnel expenditures, to Ps. 20.0 billion in 2013 from Ps. 15.7 billion in 2012, and a 29.5% increase in social security payments, to Ps. 8.1 billion in 2013 from Ps. 6.3 billion in 2012, principally reflecting the impact of salary increases granted in 2013;
- a 28.7% increase in current transfers, to Ps. 8.3 billion in 2013 from Ps. 6.3 billion in 2012, reflecting subsidies to private school teachers' wages and to municipalities transfers;
- a 40.0% increase in other current expenditures, to Ps. 2.4 billion in 2013 from 1.7 billion in 2012, primarily due to an increase in lottery prizes issued by the Lottery and the payment of a debt with the *EnteRegulador de ObrasHídricas de Saneamiento* ("ENOHSA"); and
- a 61.1% increase in capital expenditures, to Ps. 2.7 billion in 2013 from Ps. 1.7 billion in 2012, due to increased spending on public works and capital transfers to municipalities and ASSA.

*Primary Balance.* In 2013, the Province's primary deficit decreased by 16.6%, to Ps. 306.4 million from Ps. 367.8 million in 2012, due to a 31.1% increase in total expenditures, which were offset by a 31.7% increase in total revenues.

*Financial Result.* In 2013, the Province recorded a financial deficit of Ps. 328.9 million, compared to a financial deficit of Ps. 394.8 million in 2012, mainly due to the decrease in primary deficit.

*Total Result.* The Province's total surplus increased to Ps. 693.7 million in 2013 from Ps. 154.4 million in 2012. This increase was principally due to the recovery of non-invested amounts from previous years.

## **Fiscal Result of 2014 Compared to Fiscal Result of 2013**

*Total Revenues.* In 2014, total revenues increased by 35.9%, to Ps. 64.1 billion from Ps. 47.2 billion in 2013. This increase reflects the following:

- a 36.6% increase in total tax revenues, to Ps. 42.9 billion in 2014 from Ps. 31.4 billion in 2013, resulting from a 37.1% increase in federal tax transfers, to Ps. 27.1 billion in 2014 from Ps. 19.8 billion in 2013 and a 35.8% increase in provincial tax revenues, to Ps. 15.8 billion in 2014 from Ps. 11.6 billion in 2013, as a result of:
  - a 38.4% increase in gross revenue tax collections, to Ps. 12.6 billion in 2014 from Ps. 9.1 billion in 2013, reflecting an increase in economic activity, an increase in prices and an increase in tax collection efforts by API;
  - a 47.5% increase in *Conurbano* fund transfers, to Ps. 2.9 billion in 2014 from Ps. 2.0 billion in 2013, due to an increase in federal gross revenue tax collections; and
  - a 37.9% increase in federal co-participation regime transfers, to Ps. 18.9 billion in 2014 from Ps. 13.7 billion in 2013 due to an increase in economic activity and an increase in prices.
- a 39.1% increase in other current revenues, to Ps. 3.5 billion in 2014 from Ps. 2.5 billion in 2013, mainly due to an increase in asset sales, property rent and current transfers; and
- a 33.4% increase in social security contributions to Ps. 12.1 billion in 2014 from Ps. 9.1 billion in 2013.

*Total Expenditures.* In 2014, the Province's total expenditures increased by 38.5%, to Ps. 65.8 billion from Ps. 47.5 billion in 2013. This increase reflects primarily the following:

- a 62.4% increase in capital expenditures, to Ps. 4.3 billion in 2014 from Ps. 2.7 billion in 2013, due to increased spending on public works and capital transfers to municipalities, ASSA and EPE;
- a 36.7% increase in personnel expenditures, to Ps. 27.3 billion in 2014 from Ps. 20.0 billion in 2013, and a 39.6% increase in social security payments, to Ps. 11.3 billion in 2014 from Ps. 8.1 billion in 2013, principally reflecting the impact of salary increases granted in 2014;
- a 36.9% increase in current transfers, to Ps. 11.4 billion in 2014 from Ps. 8.3 billion in 2013, reflecting subsidies to private school and school cafeterias, and to transfers to municipalities, ASSA and EPE; and
- a 42.7% increase in goods and services expenditures, to Ps. 8.5 billion in 2014 from Ps. 6.0 billion in 2013, primarily due to an increase in prices.

*Primary Balance.* In 2014, the Province's primary deficit increased by 434.9%, to Ps. 1.6 billion from Ps. 0.3 billion in 2013, due to a 38.5% increase in total expenditures, which were partially offset by a 35.9% increase in total revenues.

*Financial Result.* In 2014, the Province recorded a financial deficit of Ps. 1.7 billion, compared to a financial deficit of Ps. 0.3 billion in 2013, mainly due to the increase in the primary deficit.

*Total Result.* The Province's total deficit increased to Ps. 642.9 million in 2014 from a Ps. 693.7 million surplus in 2013. This increase was principally due to the increase in the financial deficit.

### **Fiscal Results of 2015 Compared to Fiscal Results of 2014**

*Total Revenues.* In 2015, total revenues increased by 33.3%, to Ps. 85.4 billion from Ps. 64.1 billion in 2014. This increase reflects the following:

- a 35.4% increase in total tax revenues, to Ps. 58.1 billion in 2015 from Ps. 42.9 billion in 2014, resulting from a 38.1% increase in federal tax transfers, to Ps. 37.4 billion in 2015 from Ps. 27.1 billion in 2014, and a 30.8% increase in provincial tax revenues, to Ps. 20.7 billion in 2015 from Ps. 15.8 billion in 2014, as a result of:



- a 30.0% increase in federal co-participation regime transfers, to Ps. 24.6 billion in 2015 from Ps. 18.9 billion in 2014, due to an increase in economic activity, an increase in prices and the transfer of amounts owed pursuant to the Supreme Court of Argentina’s ruling. See “—Federal Tax Co Participation Regime;”
- a 29.0% increase in gross revenue tax collections, to Ps. 16.3 billion in 2015 from Ps. 12.6 billion in 2014, reflecting an increase in economic activity, an increase in prices and an increase in tax collection efforts by API; and
- a 139.3% increase in education financing transfers, to Ps. 4.4 billion in 2015 from Ps. 1.8 billion in 2014, due to a change in the GDP measurement method, which impacted the amounts transferred under the *FondoFinancimientoEducativo* (“Education Fund”).
- a 33.3% increase in social security contributions to Ps. 16.1 billion in 2015 from Ps. 12.1 billion in 2014, due to an increase in economic activity, an increase in inflation and the transfer of amounts owed pursuant to the judicial decisions rendered by the Supreme Court of Argentina on November 24, 2015, which declared Section 76 of Law No. 26,078 and Sections 1.(a) and 4 of Decree No. 1,399/2001 unconstitutional. See “—Federal Tax Co Participation Regime;” and
- a 29.6% increase in non-tax revenues, to Ps. 5.1 billion in 2015 from Ps. 3.9 billion in 2014, mainly as a result of an increase in revenues from the Lottery.

*Total Expenditures.* In 2015, the Province’s total expenditures increased by 37.5%, to Ps. 90.5 billion from Ps. 65.8 billion in 2014. This increase reflects primarily the following:

- a 37.0% increase in personnel expenditures, to Ps. 37.4 billion in 2015 from Ps. 27.3 billion in 2014, and a 34.2% increase in social security payments, to Ps. 15.2 billion in 2015 from Ps. 11.3 billion in 2014, principally reflecting the impact of salary increases granted in 2015;
- a 31.6% increase in current transfers, to Ps. 15 billion in 2015 from Ps. 11.4 billion in 2014, reflecting subsidies to private schools, school cafeterias and scientific research, and to transfers to municipalities and ASSA;
- a 42.1% increase in goods and services expenditures, to Ps. 12.0 billion in 2015 from Ps. 8.5 billion in 2014, primarily due to an increase in the cost of goods and non-personal services; and
- a 61.4% increase in capital expenditures, to Ps. 7.0 billion in 2015 from Ps. 4.3 billion in 2014, due to increased spending on public works and capital transfers to municipalities, ASSA and EPE.

*Primary Balance.* In 2015, the Province’s primary deficit increased by 200.0%, to Ps. 5.0 billion from Ps. 1.6 billion in 2014, due to a 37.5% increase in total expenditures, which were partially offset by a 33.3% increase in total revenues.

*Financial Result.* In 2015, the Province recorded a financial deficit of Ps. 5.0 billion, compared to a financial deficit of Ps. 1.7 billion in 2014, mainly due to the increase in the primary deficit.

In November 2015, the Supreme Court of Argentina ruled that the withholding by the federal government of certain co-participation revenues was unconstitutional (See “—Federal Tax Co-Participation Regime”). If the federal government had not withheld such amounts in 2015, the Province would have received an additional Ps. 4.8 billion in federal tax transfers in 2015 (net of revenue sharing to municipalities and boroughs), which would have resulted in a primary deficit of Ps. 699.1 million instead of a primary deficit of Ps. 5.0 billion.

*Total Result.* The Province’s total deficit increased to Ps. 3.7 billion in 2015 from Ps. 642.9 million in 2014. This increase was principally due to the increase in the primary deficit.

The Ps. 3.7 billion total deficit in 2015 was offset during the first quarter of 2016 by a Ps. 1.5 billion surplus and the dedication of funds from the IFOA.

## **Fiscal Results for the Six-Month Period Ended June 30, 2016 Compared to Fiscal Results for the Six-Month Period Ended June 30, 2015**

*Total Revenues.* Total revenues for the six-month period ended June 30, 2016 increased by 45.5%, to Ps. 55.7 billion from Ps. 38.3 billion for the corresponding period in 2015, mainly as a result of a 48.5% increase in federal tax transfers, a 43.3% increase in provincial taxes and a 43.4% increase in social security contributions, triggered primarily by salary increases, which came into effect in December 2015 and January 2016.

*Total Expenditures.* The Province's total expenditures for the six-month period ended June 30, 2016 increased by 35.0%, to Ps. 54.5 billion from Ps. 40.4 billion during the corresponding period in 2015, mainly as a result of a 44.7% increase in current transfers and a 38.5% increase in social security benefits, triggered primarily by salary increases, which came into effect in December 2015 and January 2016.

*Primary Balance.* The Province's primary balance surplus for the six-month period ended June 30, 2016 amounted to a surplus of Ps. 1.3 billion compared to a deficit of Ps. 2.1 billion in the corresponding period in 2015. This increase was mainly due to the 45.5% increase in total revenues, which was partially offset by a 34.7% increase in primary expenditures.

*Financial Results.* In the six-month period ended June 30, 2016, the Province's financial surplus was Ps. 1.2 billion compared to a deficit of Ps. 2.1 billion in the corresponding period in 2015, this increase was mainly due to the 45.5% increase in total revenues, which was partially offset by the 34.7% increase in primary expenditures.

*Total Result.* The Province's total surplus increased to Ps. 522.6 million in the six-month period ended June 30, 2016 from Ps. 328.0 million in the six-month period ended June 30, 2015.

### **2016 Budget and Proposed 2017 Budget**

#### *Overview of the Provincial Budget Process*

Under the provincial Constitution, the Governor is required to submit a budget bill for the following year to the legislature before September 30<sup>th</sup>, unless an extension is requested. The annual budget represents an estimate of the Province's revenues for the budgeted year on the basis of assumptions regarding economic activity in Argentina and the Province, and of the necessary expenditures to provide public services and comply with the Province's financial obligations. In addition, the budget, when approved, represents the amount that the Province is authorized to spend and sets limits on the amount the Province is authorized to borrow. The provincial legislature has full power to amend or reject the budget bill submitted by the Governor and the Governor has the power to partially or fully veto the budget bill approved by Congress. In case of a partial veto, the budget bill is partially enacted.

Article 55 of the Constitution of the Province provides that, in the event that the budget law is not enacted before January 1<sup>st</sup> of the following fiscal year, the budget law in effect as of the end of the prior fiscal year shall be used for such following fiscal year, ensuring the continuation of services and infrastructure works by the executive branch.

#### *2016 Budget Law*

Pursuant to an extension granted by the provincial legislature, the Governor submitted its proposed budget for 2016 to the provincial legislature on November 26, 2015. On December 16, 2015, the legislature approved the 2016 Budget. The 2016 Budget represents the Province's forecast with respect to economic activity in Argentina and the Province in 2016. While the Province believes that its assumptions and targets were reasonable when formulated, most factors influencing the Province's economy are beyond the Province's control or significant influence, and actual outcomes will depend on actual developments. Accordingly, no assurance can be given that economic results for 2016 will not differ materially from the figures set forth in the 2016 Budget. The 2016 Budget does not include the proceeds the Province expects to receive from the issuance of the notes or payments from the federal government as a result of the Supreme Court of Argentina's rulings (See "Public Sector Finances—Federal Tax Co-Participation Regime") as a source of financing.

*Proposed 2017 Budget Law.* On October 3, 2016, the executive branch of the Province submitted to the legislature the budget for the fiscal year ended December 31, 2017, which is awaiting approval. The proposed 2017 budget bill represents the Province executive branch's forecast with respect to economic activity in Argentina and the Province in 2017. In preparing the proposed 2017 budget, the executive branch of the Province followed certain of the assumptions made in the Federal Government's proposed 2017 budget, namely a projected real national GDP growth of 3.5%, a 17% annual inflation rate and an average peso-U.S. dollar exchange rate of Ps. 17.92 per U.S.\$ 1.00.

One of the cornerstones of the proposed 2017 provincial budget bill is the development of public works projects. The proposed bill contemplates a significant increase in the amount allocated to public works projects when compared to the amount budgeted for such purposes in 2016. In addition, the proposed bill includes the net proceeds from this offering as a source of financing, among others, for the public works approved by Law No. 13,543. Overall, net proceeds from this offering (assuming a U.S.\$ 500.0 million issuance) are expected to cover 43% of the total expenditures budgeted for public works in 2017. Moreover, the proposed 2017 budget assumes an increase in federal tax transfers as a result of the discontinuation of the withholdings made in the past by the federal government in connection with the federal tax co-participation regime, as a result of the Supreme Court of Argentina's rulings from November 2015. See "Public Sector Finances—Federal Tax Co-Participation Regime."

The Province cannot assure you that the 2017 budget proposal will be approved as proposed or that the fiscal targets and economic assumptions set forth above will be achieved, as they depend on a variety of factors, including overall economic conditions. See "Risk Factors—Risks Relating to the Province—The revenues and expenditures contained in the Province's proposed 2017 budget may differ materially from actual results."

The following table shows the 2016 budget, as compared to fiscal results for 2015 and the 2017 proposed budget compared to the 2016 budget:

**2015 Fiscal Results vs. 2016 Budget and 2017 Proposed Budget vs. 2016 Budget**  
(in millions of nominal Pesos)

	Actual 2015	2016 Budget	Variation Actual 2015 – Budget 2016	Proposed 2017 Budget	Variation 2016 Budget – Proposed 20 17
<b>Current Revenues</b> .....	<b>83,610.26</b>	<b>101,199.54</b>	<b>21.04%</b>	<b>141,920.03</b>	<b>40.2%</b>
<b>Total Tax Revenues</b> .....	<b>58,128.01</b>	<b>72,716.41</b>	<b>25.10%</b>	<b>102,988.57</b>	<b>41.6%</b>
Provincial Taxes .....	20,678.27	26,296.13	27.17	34,878.52	32.6%
Federal Tax Transfers.....	37,449.74	46,420.27	23.95%	68,110.04 <sup>(1)</sup>	46.7%
<b>Social Security Contributions</b> .....	<b>16,122.37</b>	<b>17,919.45</b>	<b>11.15%</b>	<b>24,119.21</b>	<b>34.6%</b>
<b>Non-Tax Revenues</b> .....	<b>5,118.52</b>	<b>5,084.76</b>	<b>(0.66)%</b>	<b>7,044.60</b>	<b>38.5%</b>
<b>Other non-Tax Revenues</b> .....	<b>4,241.35</b>	<b>5,478.92</b>	<b>29.18%</b>	<b>7,767.66</b>	<b>41.7%</b>
Current Transfers.....	3,520.27	4,590.21	30.39%	6,548.52	42.6%
Asset Sales.....	680.91	845.19	24.13%	1,162.23	37.5%
Property Rent.....	40.17	43.53	8.38%	56.91	30.7%
<b>Current Expenditures</b> .....	<b>83,476.99</b>	<b>91,404.87</b>	<b>9.50%</b>	<b>126,096.35</b>	<b>37.9%</b>
Personnel.....	37,436.97	40,688.90	8.69%	55,118.07	35.5%
Good and Services.....	12,044.20	12,721.74	5.63%	17,681.96	39%
Property Rent.....	70.38	172.55	131.99%	1,002.22	480%
Social Security Benefits.....	15,232.04	16,373.95	7.50%	21,973.18	34.2%
Current Transfers.....	14,982.20	17,766.59	18.58%	25,160.62	41.6%
Miscellaneous.....	3,707.21	3,681.13	(0.70)%	5,160.30	40.1%
<b>Current Account Balance</b> .....	<b>133.27</b>	<b>9,794.67</b>	<b>7,249.61%</b>	<b>15,823.68</b>	<b>61.5%</b>
<b>Capital Revenues</b> .....	<b>1,838.18</b>	<b>2,469.08</b>	<b>34.32%</b>	<b>4,225.70</b>	<b>71.1%</b>
<b>Capital Expenditures</b> .....	<b>7,010.67</b>	<b>11,628.44</b>	<b>65.87%</b>	<b>28,359.70</b>	<b>143.9%</b>
Capital Investments.....	4,810.85	8,200.73	70.46%	22,927.67 <sup>(2)</sup>	179.5%
Capital Transfers.....	1,995.63	3,044.94	52.58%	4,823.08	58.4%
Loans and Capital Contributions.....	204.19	382.78	87.46%	608.95	59%
<b>Total Revenues</b> .....	<b>85,448.44</b>	<b>103,668.62</b>	<b>21.32%</b>	<b>146,145.73</b>	<b>40.9%</b>
<b>Total Expenditures</b> .....	<b>90,487.66</b>	<b>103,033.31</b>	<b>13.86%</b>	<b>154,456.05</b>	<b>49.9%</b>
<b>Primary Balance (excludes interest expenses)</b> .....	<b>(4,966.72)</b>	<b>796.11</b>	<b>(116.03)%</b>	<b>(7,310.07)</b>	<b>(918)%</b>
<b>Financial Balance</b> .....	<b>(5,039.22)</b>	<b>635.31</b>	<b>(112.61)%</b>	<b>(8,310.32)</b>	<b>(1,308)%</b>
<b>Financing Sources</b> .....	<b>2,558.984</b>	<b>709.12</b>	<b>(72.29)%</b>	<b>10,214.97</b>	<b>1,340.5%</b>
Unallocated Revenues <sup>(3)</sup> .....	1,644.83	130.53	(92.06)%	269.33	106%
Borrowings.....	914.15	578.59	(36.71)%	9,945.64 <sup>(2)</sup>	1,618.9%
<b>Use of Financing</b> .....	<b>1,273.30</b>	<b>1,344.43</b>	<b>5.59%</b>	<b>1,904.65</b>	<b>41.6%</b>
Financial Investment / Allocated Revenues....	216.23	386.44	78.72%	490.69	26.9%
Repayments and other indebtedness decrease.....	1,057.07	957.99	(9.37)%	1,413.96	47.5%
<b>Total Results</b> .....	<b>(3,753.55)</b>	<b>-</b>	<b>(100.00)%</b>	<b>-</b>	<b>-</b>

(1) The proposed 2017 budget assumes an increase in federal tax transfers as a result of the discontinuation of the withholdings made in the past by the federal government in connection with the federal tax co-participation regime, as a result of the Supreme Court of Argentina's rulings from November 2015. See "Public Sector Finances—Federal Tax Co-Participation Regime."

(2) The proposed 2017 budget bill contemplates a significant increase in the amount allocated to public works projects when compared to the amount budgeted for such purposes in 2016. In addition, the proposed bill includes the net proceeds from this offering as a source of financing, among others, for the public works approved by Law No. 13,543. Overall, net proceeds from this offering (assuming a U.S.\$ 500.0 million issuance) are expected to cover 43% of the total expenditures budgeted for public works in 2017.

(3) Reflects revenues allocated for a specific purpose in the prior year's budget but unused during such year.

Source: Ministry of Economy of the Province.

## **Fiscal Results for the 2016 Budget Compared to Fiscal Results of 2015**

*Total Revenues.*The 2016 Budget forecasts an increase in total provincial revenues of 21.3% to Ps. 103.7 billion, as compared with 2015 revenues. This increase is mainly due to a budgeted 25.1% increase in total tax revenues to Ps. 72.7 billion in 2016, from Ps. 58.1 billion in 2015.

The increase in provincial tax revenues includes:

- a projected 30.1% increase in gross revenue tax collections;
- a projected 45.1% increase in automobile tax collections;
- a projected 10.9% increase in real estate tax collections; and
- a projected 19.5% increase in stamp tax collections.

In addition, capital revenues are projected to increase by 34.3%, to Ps. 2.5 billion in 2016 from Ps. 1.8 billion in 2015.

*Total Expenditures.*The 2016 Budget forecasts an increase in total expenditures by 13.9%, to Ps. 120.0 billion from Ps. 90.4 billion in 2015, mainly due to:

- a projected 8.7% increase in payroll expenditures, to Ps. 40.7 billion budgeted in 2016 from Ps. 37.4 billion in 2015;
- a projected 5.6% increase in goods and services expenditures, to Ps. 12.7 billion budgeted in 2016 from Ps. 12.0 billion in 2015, mainly due to the strengthening of social, health and education programs;
- a projected 19.0% increase in current transfers and other expenditures, to Ps. 17.8 billion budgeted in 2016 from Ps. 15 billion in 2015, mainly due to increased federal co-participation tax revenues, which will result in an increase in transfers to municipalities; and
- a projected 65.9% increase in capital expenditures, to Ps. 11.6 billion budgeted in 2016 from Ps. 7.0 billion in 2015, mainly due to an increase in public works.

*Primary Balance.*The 2016 Budget forecasts an increase in primary surplus to Ps. 796.1 million from a deficit of Ps. 4.9 billion in 2015.

*Financial Result.*The 2016 Budget forecasts a financial surplus of Ps. 635.3 million, compared to a financial deficit of Ps. 5.0 billion in 2015.

*Total Result.*The 2016 Budget forecasts an aggregate balance of Ps. 0, compared to a deficit of Ps. 3.7 billion in 2015.

*Public Works.*The 2016 Budget contemplates major budgeted public works, including the following:

- Capital expenditures of Ps. 1.5 billion budgeted for the construction, paving and improving of roads. The Roads Department's principal projects include:
  - the renovation of provincial highways, with a budgeted expenditure exceeding Ps. 450 million;
  - construction of provincial Highway No. 91 to Serodino, La Rivera, with a budgeted expenditure of Ps. 70 million;

- construction of provincial Highway No. 9 to Santa Teresa, Alcotra, with a budgeted expenditure of Ps. 73 million;
  - works to add road markings, with a budgeted expenditure of Ps. 85 million; and
  - construction of a bridge over the river Carcarañá, RP 26, with a budgeted expenditure of Ps. 45 million.
- Within the construction sector:
    - Ps. 962.2 million have been budgeted foreducation and culture; and
    - Ps. 765.7 million have been budgeted forhousing and urbanization.
  - Ps. 691.6 million have been budgeted forcapital investments related to healthcare to ensure the continued financing and development of the Nodales de Reconquista, VenadoTuerto, Rosario, Santa Fe and Rafaela hospitals; the construction and refurbishment of the Specialized Medical Center in Santa Fe; and the refurbishment of other hospitals;
  - Ps. 557.5 million have been budgeted for works related to the supply of drinking water through water treatment and distribution facilities, for example the North and Northeast Aqueduct projects; and
  - Additional capital expenditures include budgeted transfers of Ps. 722.5 million to finance works on behalf of ASSA, such as the water treatment facility GranaderoBaigorria for a total of Ps. 169.4 million; the unification of Rosario and Santa Fe water and sewage networks to improve the quality of the service; and sewerage systems in EmpalmeGranaderos III and Larrea for a total of Ps. 101.4 million each.

## **PUBLIC SECTOR DEBT**

### **General**

The Province's total indebtedness amounted to U.S.\$ 269.2 million and Ps. 112.5 million, U.S.\$ 259.7 million and Ps. 68.9 million, U.S.\$ 215.8 million and Ps. 40.2 million, U.S.\$ 179.8 million and Ps. 18.4 million and U.S.\$ 152.1 million and Ps. 115.3 million, as of December 31, 2011, 2012, 2013, 2014 and 2015, respectively. As of June 30, 2016, the Province's total indebtedness amounted to U.S.\$ 135.9 million and Ps. 192.8 million.

As of December 31, 2015, 5.4% of the Province's total indebtedness was denominated in pesos, with the remaining 94.6% denominated in U.S. dollars. Also, as of December 31, 2015, 29.3% of the Province's indebtedness was short-term, and 70.7% was medium-term and long-term, and 7.4% accrued interest at a fixed rate, while the remaining 92.6% accrued interest on a floating rate basis. As of June 30, 2016, 8.6% of the Province's total indebtedness was denominated in pesos, with the remaining 91.4% denominated in dollars.

## Evolution of Debt

The following table sets forth the Province's total outstanding indebtedness as of the dates indicated below.

	Total Outstanding Indebtedness													
	Outstanding principal (in millions)													
	As of December 31,						As of June 30,							
	2011		2012		2013		2014		2015		2015		2016	
U.S.\$	Ps.	U.S.\$	Ps.	U.S.\$	Ps.	U.S.\$	Ps.	U.S.\$	Ps.	U.S.\$	Ps.	U.S.\$	Ps.	
<b>Debt in Pesos</b>														
Others .....	-	112.53	19.53	164.90	1.50	50.00	-	18.41	0.20	117.89	1.64	14.91	12.82	192.76
<b>Total Debt in pesos</b> .....	<b>-</b>	<b>112.53</b>	<b>19.53</b>	<b>164.90</b>	<b>1.50</b>	<b>50.00</b>	<b>-</b>	<b>18.41</b>	<b>0.20</b>	<b>117.89</b>	<b>1.64</b>	<b>14.91</b>	<b>12.82</b>	<b>192.76</b>
<b>Debt in Foreign Currency</b>														
Multilateral Loans (IADB- World Bank).....	265.82	1,144.09	238.93	1,175.05	214.23	1,396.99	179.75	1,537.07	150.72	1,965.41	167.59	1,523.09	132.28	1,989.56
Bilateral Loans <sup>(1)</sup> .....	3.37	14.49	1.24	6.09	0.11	0.74	-	-	2.99	39.09	-	-	3.66	55.02
<b>Total Debt in U.S. dollars</b> ...	<b>269.19</b>	<b>1,158.58</b>	<b>240.17</b>	<b>1,181.14</b>	<b>214.34</b>	<b>1,397.37</b>	<b>179.75</b>	<b>1,537.07</b>	<b>153.71</b>	<b>2,004.50</b>	<b>167.59</b>	<b>1,523.09</b>	<b>135.94</b>	<b>2,044.58</b>
<b>Total Indebtedness</b> .....	<b>269.19</b>	<b>1,271.11</b>	<b>259.70</b>	<b>1,346.05</b>	<b>215.84</b>	<b>1,447.73</b>	<b>179.75</b>	<b>1,555.48</b>	<b>153.91</b>	<b>2,122.39</b>	<b>169.23</b>	<b>1,538.00</b>	<b>148.76</b>	<b>2,237.34</b>
<b>Exchange rates</b>														
Ps./U.S.\$.....		4.3		4.9		6.5		8.6		13.0		9.1		15.0

*Source:* General Accounting Office of the Province.

(1) Last exchange rate recorded for the relevant year and six-month period, as applicable, as published by the *Banco de la Nación Argentina*.

The following tables describe the evolution of the Province's total outstanding indebtedness as of the dates indicated below, by creditor, currency, interest rate and term:

	Total Gross Debt by Creditor <sup>(1)</sup>													
	(in millions of Ps.)													
	As of December 31,						As of June 30,							
	2011		2012		2013		2014		2015		2015		2016	
Federal Government .....	-	-	96.0	7.1%	9.8	0.7%	-	-	2.6	0.1%	0.3	0.02%	9.0	0.4%
Fiduciary Fund.....	13.4	1.1%	6.9	0.5%	-	-	-	-	-	-	-	-	--	--
Bondholders.....	84.7	6.7%	47.6	3.5%	25.8	1.8%	4.0	0.3%	0.2	-	0.2	0.01%	101.8	4.6%
Multilateral Credit														
Agencies .....	1,144.1	90.0%	1,175.1	87.3%	1,397.0	96.5%	1,537.1	98.8%	1,965.4	92.6%	1,523.1	99.0%	1,989.6	88.9%
Bilateral Credit														
Agencies .....	14.5	1.1%	6.1	0.5%	0.7	0.1%	-	-	39.1	1.8%	-	-	55.0	2.5%
Others .....	14.4	1.1%	14.4	1.1%	14.4	1.0%	14.4	0.9%	115.1	5.5%	14.4	0.9%	82.0	3.7%
<b>Total</b> .....	<b>1,271.1</b>	<b>100.0%</b>	<b>1,346.1</b>	<b>100.0%</b>	<b>1,447.7</b>	<b>100.0%</b>	<b>1,555.5</b>	<b>100.0%</b>	<b>2,122.4</b>	<b>100.0%</b>	<b>1,538.0</b>	<b>100%</b>	<b>2,237.3</b>	<b>100%</b>



	As of December 31,					As of June 30,	
	2011	2012	2013	2014	2015	2015	2016
Exchange Rates, Ps./U.S.\$ <sup>(1)</sup> .....	4.3	4.9	6.5	8.6	13.0	9.1	15.0

**Source:** General Accounting Office of the Province.

(1) Last exchange rate recorded for the relevant year and six-month period, as applicable, as published by the *Banco de la Nación Argentina*.

**Total Gross Debt by Currency<sup>(1)</sup>**  
(in millions of Ps.)

	As of December 31,					As of June 30,	
	2011	2012	2013	2014	2015	2015	2016
Pesos .....	112.5	68.9	40.2	18.4	115.3	14.9	192.8
U.S.\$ .....	1,158.6	1,277.2	1,407.5	1,537.1	2,007.1	1,523.1	2,044.6
<b>Total</b> .....	<b>1,271.1</b>	<b>1,346.1</b>	<b>1,447.7</b>	<b>1,555.5</b>	<b>2,122.4</b>	<b>1,538.0</b>	<b>2,237.3</b>
Exchange Rates, Ps./U.S.\$ <sup>(1)</sup> .....	4.3	4.9	6.5	8.6	13.0	9.1	15.0

(1) Last exchange rate recorded for the relevant year and six-month period, as applicable, as published by the *Banco de la Nación Argentina*.

**Source:** General Accounting Office of the Province.

**Total Gross Debt by Type of Interest Rate<sup>(1)</sup>**  
(in millions of Ps.)

	As of December 31,						As of June 30,							
	2011		2012		2013		2014		2015		2015		2016	
Fixed rate .....	77.8	6.1%	142.6	10.6%	35.6	2.5%	4.0	0.3%	142.6	6.7%	14.9	1.0%	146.2	6.5%
Variable rate .....	1,178.9	92.8%	1,189.1	88.3%	1,397.7	96.6%	1,537.1	98.8%	1,965.4	92.6%	1,523.1	99%	2,091.2	93.5%
Others .....	14.4	1.1%	14.4	1.1%	14.4	1.0%	14.4	0.9%	14.4	0.7%	--	--	--	0%
<b>Total</b> .....	<b>1,271.1</b>	<b>100.0%</b>	<b>1,346.0</b>	<b>100.0%</b>	<b>1,447.7</b>	<b>100.0%</b>	<b>1,555.5</b>	<b>100.0%</b>	<b>2,122.4</b>	<b>100.0%</b>	<b>1,538.0</b>	<b>100%</b>	<b>2,237.3</b>	<b>100%</b>
Exchange Rates, Ps./U.S.\$ <sup>(1)</sup> .....	4.3		4.9		6.5		8.6		13.0		9.1		15.0	

**Source:** General Accounting Office of the Province.

(1) Last exchange rate recorded for the relevant year and six-month period, as applicable, as published by the *Banco de la Nación Argentina*.

**Total Gross Debt by Term <sup>(1)</sup>**  
**(in millions of Ps.)**

	As of December 31,										As of June 30,			
	2011		2012		2013		2014		2015		2015		2016	
Short-term <sup>(1)</sup> .....	231.6	18.2%	341.1	25.3%	315.4	21.8%	363.4	23.4%	621.4	29.3%	519.4	33.8%	742.8	33.2%
Medium-term and long term <sup>(2)</sup> .....	1,039.5	81.8%	1,004.9	74.7%	1,132.4	78.2%	1,192.1	76.6%	1,501.0	70.7%	1,018.6	66.2%	1,494.5	66.8%
<b>Total</b> .....	<b>1,271.1</b>	<b>100.0%</b>	<b>1,346.1</b>	<b>100.0%</b>	<b>1,447.7</b>	<b>100.0%</b>	<b>1,555.5</b>	<b>100.0%</b>	<b>2,122.4</b>	<b>100.0%</b>	<b>1,538.0</b>	<b>100%</b>	<b>2,237.3</b>	<b>100%</b>
Exchange Rates, Ps./U.S.\$ <sup>(3)</sup> .....	4.3		4.9		6.5		8.6		13.0		9.1		15.0	

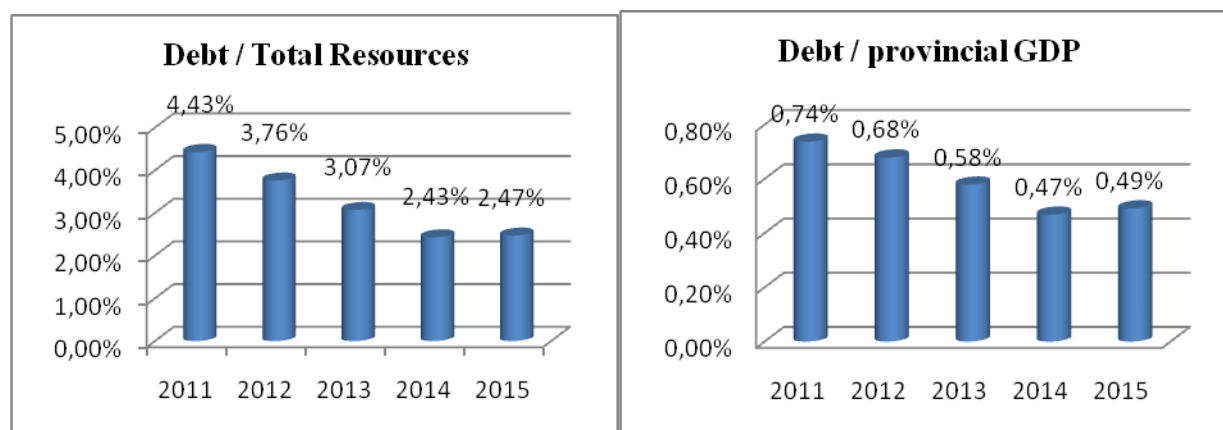
**Source:** General Accounting Office of the Province.

(1) Debt with original maturity of one year or less.

(2) Debt with original maturity of more than one year.

(3) Last exchange rate recorded for the relevant year and six-month period, as applicable, as published by the *Banco de la Nación Argentina*.

The following charts show the Province's total outstanding indebtedness divided by total revenues and by provincial GDP from 2011 through 2015.



Source: General Accounting Office of the Province.

### Estimated Debt Service

The Province's debt service was Ps. 225.0 million in 2011, Ps. 255.7 million in 2012, Ps. 284.7 million in 2013, Ps. 383.7 million in 2014, Ps. 413.3 million in 2015, and Ps. 1,394.3 million in the six-month period ended June 30, 2016.

The following table shows projected debt service by creditor and year based on the Province's outstanding indebtedness and projected indebtedness as of December 31, 2015.

### Estimated Debt Service by Creditor for Ps. denominated debt (in millions of Ps.)

Creditor	As of December 31,		
	2016	2017	2018-2038
<b>Bondholders</b> .....	6.3	-	-
<i>Amortization</i> .....	5.1		
<i>Interest</i> .....	1.2		
<b>Others</b> .....	75.9	44.3	-
<i>Amortization</i> .....	59.5	41.2	
<i>Interest</i> .....	16.4	3.1	
<b>TOTAL</b> .....	82.2	44.3	-
<i>Amortization</i> .....	<b>64.6</b>	<b>41.2</b>	-
<i>Interest</i> .....	<b>17.6</b>	<b>3.1</b>	-

Source: General Accounting Office of the Province.

### Estimated Debt Service by Creditor for U.S. dollar-denominated debt (in millions of U.S. dollars)

Creditor	As of December 31,						
	2016	2017	2018	2019	2020	2021	2022-2038
<b>Federal Government</b> .....	-	-	-	-	-	-	-
<i>Amortization</i> .....							
<i>Interest</i> .....							
<b>Bondholders</b> .....	-	-	-	-	-	-	-
<i>Amortization</i> .....							

Creditor	As of December 31,						
	2016	2017	2018	2019	2020	2021	2022-2038
<i>Interest</i> .....							
<b>Multilateral</b> .....	44.2	28.5	24.1	21.7	20.2	17.3	19.9
<i>Amortization</i> .....	41.4	26.0	22.1	20.0	18.8	16.3	15.7
<i>Interest</i> .....	2.8	2.5	2.0	1.7	1.4	1.0	4.2
<b>Bilateral</b> .....	0.7	2.0	3.4	8.3	7.1	6.9	46.4
<i>Amortization</i> .....	-	-	-	3.6	3.5	3.6	28.5
<i>Interest</i> .....	0.7	2.0	3.4	4.7	3.6	3.3	17.9
<b>Others</b> .....	-	-	-	-	-	-	-
<i>Amortization</i> .....							
<i>Interest</i> .....							
<b>TOTAL</b> .....	<b>44.9</b>	<b>30.5</b>	<b>27.5</b>	<b>30.0</b>	<b>27.3</b>	<b>24.2</b>	<b>63.3</b>
<i>Amortization</i> .....	<b>41.4</b>	<b>26.0</b>	<b>22.1</b>	<b>23.6</b>	<b>22.3</b>	<b>19.9</b>	<b>44.2</b>
<i>Interest</i> .....	<b>3.5</b>	<b>4.5</b>	<b>5.4</b>	<b>6.4</b>	<b>5.0</b>	<b>4.3</b>	<b>22.1</b>

Source: General Accounting Office of the Province.

### Pledge of Tax Co-Participation Revenues

The Province has pledged a part of its federal tax transfers to secure its obligations under certain of its outstanding indebtedness. Pursuant to these security arrangements, the federal government is entitled to withhold a portion of the Province's federal tax transfers to cover principal and interest payments on the secured debt.

The following table sets forth the amount of federal tax transfers withheld to cover provincial debt service payments for each of the indicated periods.

### Withheld Federal Tax Transfers (in millions of Ps.)

	Year ended December 31,					Six-month period ended June 30,	
	2011	2012	2013	2014	2015	2015	2016
<b>Federal Tax Co-Participation</b> ....	12,012.04	15,185.76	19,780.62	27,122.12	37,449.74	17,236.71	25,596.59
<b>Withholdings</b>							
Federal Government .....	38.90	111.19	213.25	183.10	195.48	93.38	177.82
Other Debt .....	-----	-----	-----	-----	-----	---	---
<b>Total</b> .....	<b>11,973.14</b>	<b>15,074.57</b>	<b>19,567.37</b>	<b>26,939.02</b>	<b>37,254.26</b>	<b>17,143.33</b>	<b>25,418.77</b>
<b>Percentage Withheld</b> .....	0.32%	0.73%	1.08%	0.67%	0.52%	0.54%	0.69%

Source: General Accounting Office of the Province and Banco de la Nación Argentina.

### Debt Denominated in pesos

#### Treasury Bills

In 2016, the Province began to use treasury bills as a new short-term financing instrument (the "Treasury Bills"). The Province's Treasury Bill program for 2015-2016 set a cap of Ps. 1.2 billion nominal amount outstanding under these instruments in 2016. The Treasury Bills must be fully repaid within a year of their issuance and their repayment is secured with federal tax co-participation revenues to which the Province is entitled. If Treasury Bills are not fully amortized within the fiscal year of their issuance, they are automatically reclassified as outstanding indebtedness for the previous fiscal year. Treasury Bills can be issued with a discount or with an interest coupon, in local or foreign currency, with a single amortization at maturity. As of the date of this offering memorandum, the Province has not issued any foreign currency-denominated treasury bills.

Treasury Bills are listed on the Buenos Aires Stock Exchange, and were rated “Caa1” by Moody’s Latin America on the Global Local Currency Instruments scale, and Baa3.ar on the Argentine Instruments scale.

As of the date of this offering memorandum, the Province has issued the following Treasury Bills in 2016:

Series I (issued on January 4, 2016):

<b>Type</b>	<b>Class</b>	<b>Amount</b>	<b>Maturity</b>
BADLAR-adjusted	Class A	Ps. 263,000,000	April 4, 2016
BADLAR-adjusted	Class B	Ps. 116,800,000	June 3, 2016
BADLAR-adjusted	Class C	Ps. 20,200,000	August 3, 2016

Series II (issued on March 18, 2016):

<b>Type</b>	<b>Class</b>	<b>Amount</b>	<b>Maturity</b>
BADLAR-adjusted	Class A	Ps. 200,419,000	August 26, 2016
BADLAR-adjusted	Class B	Ps. 131,740,000	November 25, 2016
BADLAR-adjusted	Class C	Ps. 36,500,000	January 26, 2017

Series III (issued on April 29, 2016):

<b>Type</b>	<b>Class</b>	<b>Amount</b>	<b>Maturity</b>
Discount	Class A	Ps. 102,809,000	July 29, 2016
BADLAR-adjusted	Class B	Ps. 101,800,000	November 25, 2016
BADLAR-adjusted	Class C	Ps. 65,100,000	February 24, 2017

Series IV (issued on July 1, 2016):

<b>Type</b>	<b>Class</b>	<b>Amount</b>	<b>Maturity</b>
BADLAR-adjusted	Class B	Ps. 404,800,000	February 24, 2017

*Source:* General Accounting Office of the Province.

As of the date of this offering memorandum, the outstanding principal amount of Treasury Bills is Ps. 1.1 billion.

### **Debt Denominated in Foreign Currencies**

#### *Multilateral Loans*

The World Bank and the Inter-American Development Bank (“IDB”) have extended several credit facilities to finance various projects in the Province, such as road construction, water and wastewater infrastructure, modernization of public administration, and education and health reforms. The latest maturity under these credit facilities occurs in 2039. In most cases, these facilities are advanced to the federal government, which on-lends the proceeds to the relevant provincial agencies or entities.

The following table shows certain information relating to the mainmultilateral loans of the Province:

Lender	Name	Direct/Indirect <sup>(1)</sup>	Amount outstanding as of June 30, 2016 <sup>(2)</sup>	Currency	Interest Rate	Date of execution of relevant facility	Maturity
World Bank	<i>Préstamo reforma provincial</i> (Provincial Reform Loan)	Indirect	115,303.1	U.S. Dollar	Libor + Floating	9/1/2001	09/15/16
World Bank	<i>Proyecto Infraestructura Vial - Ruta 19</i> (Road Infrastructure Project – Route 19)	Indirect	1,051,133.9	U.S. Dollar	Libor + 0.05%	6/1/2007	10/15/21
World Bank	<i>Programa Mod. Gestión Provincial y Municipal – PMG</i>  (Provincial and Municipal Management Modification Program)	Indirect	75,529.2	U.S. Dollar	Libor + Fixed rate	6/1/2006	09/15/20
World Bank	<i>Programa de Infraestructura Vial – PIViP</i> (Road Infrastructure Project)	Indirect	165,234.40	U.S. Dollar	Libor + Fixed rate	12/1/2005	04/15/18
World Bank	<i>Programa de Infraestructura Vial – PIViP – Convenios adicionales</i> (Road Infrastructure Project - Addendum)	Indirect	143,440.0	U.S. Dollar	Libor + Fixed rate	10/1/2012	05/15/38
World Bank	<i>Programa de Prevención Inundaciones y Drenaje Urbano – PIDU</i> (Urban Drainage and Flood Prevention Program)	Indirect	176,570.4	U.S. Dollar	Libor + Floating rate	10/1/2008	05/15/21
World Bank	<i>Programa de Servicios Básicos Municipales - PROMUDI III</i>  (Basic Municipal Services Program)	Indirect	57,887.7	U.S. Dollar	4.0%	11/1/2007	10/10/20
IDB	<i>Programa Mejoramiento de Barrios</i> (Neighborhood Improvement Program)	Indirect	17,588.3	U.S. Dollar	5.7%	2/1/1997	02/20/22
IDB	<i>Servicio Provincial de Agua Potable Rural - SPAR - BID I a V</i>  (Provincial Rural Water Service)	Indirect	779.6	U.S. Dollar	Floating rate	8/1/1996	12/31/16
IDB	<i>Servicio Provincial de Agua Potable Rural - BID VI</i>  (Provincial Rural Water Service)	Indirect	67,234.7	U.S. Dollar	Floating rate	8/1/1996	12/31/25
IDB	<i>Programa Mejora Gestión Municipal</i> (Municipality Administration Improvement Program)	Indirect	118,858.6	U.S. Dollar	3.4%	11/1/2007	11/06/32
Organization of the Petroleum Exporting Countries	<i>Programa Acueductos Etapa II<sup>(2)</sup></i> (Aqueduct Program – Stage II)	Direct	-	U.S. Dollar	5.0%	2/1/2015	08/15/32
Kuwait Fund	<i>Programa Acueducto Reconquista Etapa I</i> (Reconquista Aqueduct Program – Stage I)	Direct	55,019.4	Kuwaiti Dinar	3.0%	3/1/2014	04/15/39

**Source:** General Accounting Office of the Province.

(1) Direct loans are advanced to the Province and Indirect loans are advanced to the federal government, which on-lends the proceeds to the relevant provincial agencies or entities.

(2) U.S. dollar amounts have been converted to Pesos at the last exchange published by *Banco de la Nación Argentina* for the six-month period ended June 30, 2016.

- (3) As of the date of this offering memorandum, no amounts under this facility had been disbursed.

#### **Authorizations under the Fiscal Responsibility Law**

Under the Fiscal Responsibility Law established in 2004 and adopted by the Province by provincial Law No. 12,402, all of the provincial governments are required to obtain the authorization from the federal government before incurring any indebtedness. See “Public Sector Finances—Overview of Provincial Accounts—Fiscal Responsibility Law.”

Since the regime has come into effect, the Province has applied 15 times to obtain the federal government’s authorization to incur new indebtedness, including with respect to the notes, or modifying the financial terms of the Province indebtedness.

## DESCRIPTION OF THE NOTES

*The notes will be issued pursuant to an indenture to be entered into between the Province and U.S. Bank National Association, as trustee. Copies of the indenture are available free of charge at the offices of the trustee. The following description is a summary of the material provisions of the notes and the indenture. The Province urges you to read the indenture for a complete description of the Province's obligations and your rights as a holder of the notes.*

### General

#### *Basic Terms*

The notes will:

- be direct, general, unconditional and unsubordinated obligations of the Province;
- be initially issued in an aggregate principal amount of U.S.\$250,000,000;
- pay principal in three installments: 33.33% on November 1, 2025, 33.33% on November 1, 2026 and 33.34% on November 1, 2027;
- mature on November 1, 2027;
- not be redeemable at the option of the Province before maturity, except as described under “—Optional Redemption;”
- be issued in denominations of U.S.\$150,000 and in integral multiples of U.S.\$1,000 in excess thereof; and
- be represented by one or more registered notes in global form.

Interest on the notes will:

- accrue at the rate of 6.900% per annum;
- accrue from the date of issuance or the most recent interest payment date;
- be payable semi-annually in arrears on May 1 and November 1 of each year, beginning on May 1, 2017; and
- be computed on the basis of a 360-day year comprised of twelve 30-day months.

#### *Further Issuances*

The Province may from time to time, without notice to or consent of the holders of the notes, create and issue additional notes having the same terms and conditions (except for the issue date, issue price and, if applicable, first interest payment date on the notes) as and forming a single series with the notes initially issued in this offering. Any additional notes subsequently issued that are not treated as part of the same “issue” as the notes issued in this offering within the meaning of United States Treasury regulation section 1.1275-1(f) or 1.1275-2(k) shall have a separate CUSIP, ISIN or other identifying number from the previously outstanding notes.

#### *Ranking*



The notes will be direct, general, unconditional and unsubordinated obligations of the Province (as described in “—Covenants—Maintenance of Ranking”). The notes will rank without any preference among themselves and equally with all other unsubordinated Public External Indebtedness of the Province. It is understood that this provision shall not be construed so as to require the Province to make payments under the notes ratably with payments being made under any other Public External Indebtedness of the Province. The notes will be unsecured and will not have the benefit of any collateral.

#### *Payment of Principal and Interest*

The trustee (upon receipt of payment from the Province) will make payments to persons in whose names the notes are registered at the close of business on the fifteenth calendar day preceding the corresponding payment date. Payment on the definitive notes will be made by wire transfer or in the form of a check mailed to the address of each such holder, as it appears on the register maintained for the notes. However, the final payment on any note will be made only upon presentation and surrender of such note at the applicable office of the paying agents on the payment date.

If any money that the Province deposits with the trustee or any paying agent for the payment of the principal of, premium, if any, or interest (including Additional Amounts) on any notes is not claimed at the end of two years after the applicable payment was due and payable, then the money will be repaid to the Province on the Province’s written request. The Province will hold such unclaimed money in trust for the relevant holders of those notes. After any such repayment, neither the trustee nor any paying agent will be liable for the payment.

The Province’s obligations to make payments on the notes as they become due will not be affected until the expiration of the prescription period specified in the notes. To the extent permitted by law, claims against the Province for the payment of principal, of premium, if any, or interest or other amounts due on the notes (including Additional Amounts) will be prescribed unless made within five years, with respect to principal, and two years, with respect to interest, premium, if any, or other amounts due on the notes, in each case from the date on which such payment first became due, or a shorter period if provided by Argentine law.

While the notes are held in global form and registered in the name of The Depository Trust Company (“DTC”) or its nominee, holders of beneficial interests in the notes will be paid in accordance with the procedures of DTC and its direct and indirect participants, including Euroclear S.A./N.V. (“Euroclear”) and Clearstream Banking, *société anonyme* (“Clearstream”). Neither the Province, trustee nor any of their respective agents shall have any responsibility or liability for any aspect of the records of, or payments made by, DTC or its direct or indirect participants, or any failure on the part of DTC or its direct or indirect participants in making payments to holders of the notes from the funds they receive.

If any date for an interest or principal payment is not a business day, the Province will make the payment on the next business day. Such payments will be deemed to have been made on the due date, and no interest on the notes will accrue as a result of the delay in payment. As used herein, “business day” means any day that is not a Saturday or Sunday, and that is not a day on which banking or trust institutions are authorized generally or obligated by law, regulation or executive order to close in the City of New York or the City of Buenos Aires.

#### *Paying Agents and Transfer Agents*

The Province will maintain a paying agent, a transfer agent and a registrar in the City of New York. The Province will give prompt notice to all holders of notes of any future appointment or any resignation or removal of any paying agent, transfer agent, registrar or co-registrar or of any change by any paying agent, transfer agent, registrar or co-registrar in any of its specified offices. All such paying agents and transfer agents will be agents solely of the Province.

#### **Additional Amounts**

All payments made by the Province in respect of the notes will be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, levies, or other governmental

charges imposed or assessed by or on behalf of Argentina or the Province or, in each case, any political subdivision or taxing authority or agency thereof or therein having the power to tax (such jurisdictions, “Relevant Jurisdictions” and such taxes, “Relevant Taxes”), unless such withholding or deduction is required by law. If such withholding or deduction is so required, the Province will pay holders the additional amounts necessary to ensure that they receive the same amount as they would have received in the absence of such withholding or deduction; *provided*, that the Province will not pay any additional amounts with respect to any note in connection with any tax, duty, levy, or other governmental charge that is imposed:

- (a) because the holder (or a third party on behalf of the holder) is a present or former resident of the Relevant Jurisdiction or has some direct or indirect connection with the Relevant Jurisdiction other than merely holding the note, the receipt of payments on the note or enforcing rights under the notes;
- (b) because the holder or beneficial owner of a note presented the note for payment (where presentation is required by the terms of the notes) more than 30 days after the Relevant Date, as defined herein (except to the extent that the holder would have been entitled to additional amounts had the note been presented on any date during such 30-day period);
- (c) where the holder or beneficial owner of the note would not be liable for or subject to such deduction or withholding by making a declaration of non-residence or any other claim or filing for exemption or reduction to the relevant tax authorities if such holder or beneficial holder of the note is eligible to make such declaration, filing or other claim and, after having been requested to make such a declaration, claim or filing, such holder or beneficial owner fails to timely do so, provided that the Province has provided the holder (or beneficial owner) with at least 60 days’ prior written notice (in accordance with the terms of the notes) of an opportunity to satisfy such a requirement or make such a declaration or claim;
- (d) in respect of any estate, inheritance, gift, value added, sales, use, excise, transfer, personal property tax or similar tax, duty, assessment or other governmental charge;
- (e) in respect of Relevant Taxes payable otherwise than by withholding or deduction from payment of principal of or interest or premium, if any, on the notes; or
- (f) any combination of items (a) to (e) above.

Furthermore, no additional amounts shall be paid with respect to any payment on a note to a holder that is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent that a beneficiary or settlor with respect to such fiduciary or a member of such partnership or beneficial owner would not have been entitled to receive the additional amounts had such beneficiary, settlor, member or beneficial owner been the holder.

As used in the preceding paragraph, “Relevant Date” in respect of a note means the date on which payment in respect thereof becomes due or, if the full amount of the money payable on such date has not been received by the trustee or paying agent on or prior to such due date, the date on which notice is duly given to the holders that such moneys have been so received and are available for payment.

The Province will furnish to the trustee documentation reasonably satisfactory to the trustee evidencing payment of any Relevant Taxes deducted or withheld from payments made with respect to the notes. Copies of such documentation will be made available by the trustee to holders of the notes upon written request.

The Province will promptly pay when due any present or future stamp, issue, registration, court or documentary taxes or any other excise or property taxes, charges or similar levies that are imposed in a Relevant Jurisdiction in connection with the execution, delivery or registration of the indenture and the notes or any other document or instrument referred to herein or therein, or the receipt of any payments with respect to the notes. The Province will also pay and indemnify the holders and the trustee from and against all court taxes or other taxes and

duties, including interest and penalties, paid by any of them in any jurisdiction in connection with any action permitted to be taken by the holders or the trustee to enforce the Province's obligations under indenture or the notes.

All references in this offering memorandum to principal of or interest or premium, if any, on the notes will include any additional amounts payable by the Province in respect of such principal, interest or premium.

### **Optional Redemption**

Except as set forth below, the notes will not be redeemable before maturity at the option of the Province. The notes will not be repayable before maturity at the option of holders. The notes will not benefit from any sinking fund. The Province may at any time, however, purchase notes and hold or resell them or surrender them to the trustee for cancellation.

#### *Make-Whole Redemption*

The Province may redeem the notes at any time, in whole but not in part, at the greater of (i) 100% of their outstanding principal amount and (ii) the Make-Whole Amount, in each case plus accrued and unpaid interest to the redemption date.

"Make-Whole Amount" means the sum of the present values of each remaining scheduled payment of principal and interest on the notes to the maturity date (not including any portion of such payments of interest accrued to the redemption date), discounted to the redemption date on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months at the Treasury Rate plus 0.50%.

"Comparable Treasury Issue" means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the notes to the maturity date or that would be utilized, at the time of selection, and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of the notes.

"Comparable Treasury Price" means, with respect to any redemption date (i) the average, as determined by an Independent Investment Banker, of the Reference Treasury Dealer Quotations for such redemption date after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (ii) if fewer than four such Reference Treasury Dealer Quotations are obtained, the average, as determined by such Independent Investment Banker, of all such quotations.

"Independent Investment Banker" means one of the Reference Treasury Dealers.

"Reference Treasury Dealer" means J.P. Morgan Securities LLC, Citigroup Global Markets Inc. and HSBC Securities (USA) Inc., or any of their affiliates which is a primary United States government securities dealer and one other primary United States government securities dealer reasonably designated by the Province; provided that, if any of the foregoing will cease to be a primary United States government securities dealer (a "Primary Treasury Dealer"), the Province will substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotation" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by an Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to such Independent Investment Banker by such Reference Treasury Dealer at or about 3:30 p.m. (New York City time) on the third Business Day preceding such redemption date.

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

### *Tax Redemption*

The notes will be redeemable, at the option of the Province, in whole but not in part, at 100% of their outstanding principal amount, plus accrued and unpaid interest to the redemption date and any additional amounts (as provided or referred to above under “—Additional Amounts”) payable with respect thereto to the redemption date, if (i) the Province has or on the next payment date will become obligated to pay additional amounts with respect to such notes as a result of any change in, or amendment to, the laws, regulations or rulings (including, without limitation, a holding by a court of competent jurisdiction) of a Relevant Jurisdiction (other than the Province itself or a political subdivision of the Province) or any change in the application or official interpretation of such laws, regulations or rulings, which change or amendment occurs after the date of the Indenture and (ii) such obligation cannot be avoided by the Province taking reasonable measures available to it. No notice of redemption will be given earlier than 90 days prior to the earliest date on which the Province would be obligated to pay such additional amounts if a payment in respect of such notes were then due. Prior to giving notice of redemption of the notes as described above, the Province must deliver to the trustee (a) an opinion of counsel of recognized standing stating that such additional amounts are payable due to a change in, or amendment to, the laws, regulations or rulings of a Relevant Jurisdiction (other than the Province itself or a political subdivision of the Province) or any change in the application or official interpretation of such laws, regulations or rulings and (b) an officials’ certificate to the effect that the Province’s obligation to pay additional amounts cannot be avoided by the Province taking reasonable measures available to it and that all governmental approvals necessary for the Province to effect such redemption have been obtained and are in full force and effect or specifying any necessary approvals that have not been obtained.

### *Optional Redemption Procedures*

Notice of any redemption will be given, at least 30 but not more than 60 days before the redemption date to holders of notes to be redeemed as described in “—Notices” below.

Notes called for redemption will become due on the date fixed for redemption. The Province will pay the redemption price for any note to the date of redemption. On and after the redemption date, interest will cease to accrue on the notes as long as the Province has deposited with the paying agent in the City of New York funds in satisfaction of the applicable redemption price pursuant to the indenture. Upon redemption of notes by the Province, the redeemed notes will be cancelled.

## **Covenants**

### *Limitation on Liens*

For so long as any note remains outstanding or any amount payable by the Province under the Indenture remains unpaid, the Province will not, directly or indirectly, subject to the exceptions described below, create, incur or assume any Lien upon any of its present or future property, assets or revenues to secure any Indebtedness of the Province unless, at the same time or prior thereto, the obligations of the Province under the notes are secured equally and ratably with the obligations of the Province with respect to such Indebtedness.

The Province may, however, create, incur or assume:

- (a) any Lien in existence on the issue date;
- (b) any Lien existing on any property at the time of its acquisition;
- (c) any Lien securing Indebtedness incurred for the purpose of financing all or part of the costs of the acquisition, construction or development of property or a project, *provided* that the property over which such Lien is granted consists solely of the acquired property or the assets and revenues of such project or the ownership interest therein;

- (d) any Lien securing Indebtedness of the Province to (i) the federal government or (ii) any multilateral or bilateral government lending agency, export credit entity or development agency; encumbering the right of the Province to receive Co-Participation Payments, provided that the incurrence of such Indebtedness so secured will not cause the Co-Participation Secured Indebtedness Ratio to exceed 50%;
- (e) any Lien on Recoverable Claims;
- (f) other Liens securing Indebtedness of the Province in an outstanding aggregate principal amount not exceeding at any time 15% of the Province's Revenues for the period of the four most recent consecutive fiscal quarters ending prior to the date of determination;
- (g) any replacement, renewal or extension of any Lien permitted by clauses (a) through (e) above upon the same property theretofore subject to such Lien, including any replacement, renewal or extension of such Lien resulting from the refinancing (without increase in the principal amount) of the Indebtedness secured by such Lien, *provided* that the Province will not be permitted to replace, renew or extend any Lien in respect of Indebtedness to (i) the federal government unless the federal government remains the creditor and (ii) any multilateral or bilateral government lending agency, export credit entity or development agency, unless the federal government or any such agency or entity remains the creditor;
- (h) any Lien to secure public or statutory obligations or otherwise arising by law to secure claims, other than for borrowed money; or
- (i) judgment Liens not giving rise to an Event of Default, *provided* that such judgment is being contested in good faith.

#### *Maintenance of Ranking*

The Province will ensure that its obligations under the notes will at all times rank without any preference among themselves and equally with all other unsubordinated Public External Indebtedness from time to time outstanding of the Province. It is understood that this provision shall not be construed so as to require the Province to make payments under the notes ratably with payments being made under any other Public External Indebtedness of the Province. The notes will be unsecured and will not have the benefit of any collateral.

For purposes of this section, (A) "Public External Indebtedness" means any External Indebtedness of, or guaranteed by, the Province which (i) is publicly offered or privately placed in securities markets, (ii) is in the form of, or represented by, securities, debentures or other similar instruments or any guarantees thereof and (iii) is, or was intended at the time of issue to be, quoted, listed or traded on any securities exchange, automated trading system or over-the-counter securities market (including securities eligible for sale pursuant to Rule 144A under the Securities Act (or any successor law or regulation of similar effect)), and (B) "External Indebtedness" means obligations for borrowed money or evidenced by securities, debentures or other similar instruments denominated and payable, or which at the option of the holder thereof may be payable, in a currency other than the lawful currency of Argentina, regardless of whether that obligation is incurred or entered into within or outside Argentina.

#### *Provision for Payments in Annual Budget*

The Province will take all necessary and appropriate action to provide for the inclusion in its annual budget, approved by the Legislature of the Province, of all amounts reasonably expected by the Province to become due under any notes during the time period covered by such budget; *provided* that (A) any payments, (i) made with respect to any notes during any fiscal year prior to the adoption of the budget for such fiscal year by the Legislature of the Province or (ii) made with respect to any notes during any fiscal year for which provision is not made in the budget and approved or proposed for such fiscal year, will be validly made under the laws of Argentina and the Province, (B) the failure of the Province to have made the necessary and appropriate provisions in its annual budget for the payment of such amounts will not constitute a defense to the legality or validity of any documents, order or

decrees related thereto, and (C) the covenant described in this paragraph will not be considered to impose any deadline for the submission of the proposed budget to the legislature or for the approval of the budget by the legislature.

#### *Notice of Event of Default*

The Province will give the trustee notice in accordance with the indenture of any Event of Default relating to the Province or of any condition or event which, with the giving of notice or the lapse of time or both, would, unless remedied, cured or waived, constitute an Event of Default relating to the Province, within 15 days after the occurrence of such Event of Default or such other event or condition becomes known to the Province, and of the measures it is taking to remedy such Event of Default or such other event or condition.

#### *Certain Definitions*

The following is a summary of certain defined terms used in the indenture and the notes:

“Co-Participation Payments” means any transfers made by the federal government to the Province pursuant to federal law No. 23,548, as amended or replaced from time to time, and any other law, decree or regulation governing the obligation of the federal government to distribute taxes collected by it to the Argentine provinces.

“Co-Participation Secured Indebtedness Ratio” is the percentage that is equal to (A) for the period of the four most recent consecutive fiscal quarters ending prior to the date of determination, the aggregate amount of payments of principal and interest that became due in such period, after giving pro forma effect to the incurrence of Indebtedness that is secured by a Lien on the Province’s right to receive Co-Participation Payments and the application of proceeds therefrom, in respect of Indebtedness that is secured by a Lien on the Province’s right to receive Co-Participation Payments, divided by (B) the aggregate amount of Co-Participation Payments actually received by the Province during such period, multiplied by (C) 100.

“federal government” means the federal government of the Republic of Argentina and, unless the context otherwise requires, each ministry, department, agency or regulatory authority thereof.

“guarantee” means, with respect to any person, any guarantee, endorsement (*avales*) or similar obligation, direct or indirect, contingent or otherwise, of such person in respect of, and any obligation, direct or indirect, contingent or otherwise, of such person to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, Indebtedness or other obligation of any other person. The term “guarantee” used as a verb has a corresponding meaning.

“Indebtedness” means, with respect to any person, whether outstanding on the original issuance date of a series of debt securities or at any time thereafter: (i) all indebtedness of such person for borrowed money; (ii) all reimbursement obligations of such person (to the extent no longer contingent) under or in respect of letters of credit or bankers’ acceptances; (iii) all obligations of such person to repay deposits with or advances to such person; (iv) all obligations of such person (other than those specified in clauses (i) and (ii) above) evidenced by securities, debentures, notes or similar instruments; and (v) to the extent no longer contingent, all direct guarantees, endorsements, *avales* or similar obligations of such person in respect of, and all direct obligations of such person to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of any other person specified in clause (i), (ii), (iii) or (iv) above.

“Lien” means any lien, pledge, mortgage, security interest, deed of trust, charge, assignment (including, without limitation, a *cesión fiduciaria* relating to Co-Participation Payments) or other encumbrance on or with respect to, any currently existing or future property, assets or revenues of any kind.

“Recoverable Claims” means any amounts due to the Province by the federal government pursuant to the judicial decisions rendered by the Supreme Court of Argentina on November 24, 2015, which declared Section 76 of Law No. 26,078 and Sections 1.(a) and 4 of Decree No. 1,399/2001 unconstitutional, including any instrument by which such amounts due may be evidenced.

“Revenues” means the cash receipts by the Province, on a consolidated basis, from taxes levied by the Province, from transfers from the federal government (including, without limitation, Co-Participation Payments) and from fees, licenses and other non-tax sources of income of the Province.

### **Events of Default**

Each of the following is an “Event of Default” under the notes:

- (a) the Province fails to pay any principal due on the notes when due and payable for 10 days after the applicable payment date, upon its stated maturity, redemption or otherwise; or
- (b) the Province fails to pay any interest or additional amounts due on the notes when due and payable for 30 days after the applicable payment date; or
- (c) the Province fails to duly perform or observe any other term or obligation contained in the notes or the indenture, which failure continues un-remedied for 60 days after written notice thereof has been given to the Province by the trustee; or
- (d) (i) the Province fails to make any payment when due, after any applicable grace periods, on any of its Indebtedness having an aggregate principal amount, greater than or equal to U.S.\$15,000,000 (or its equivalent in other currencies); or (ii) any Indebtedness of the Province having an aggregate principal amount, greater than or equal to U.S.\$15,000,000 (or its equivalent in other currencies) is accelerated due to another default, unless the acceleration is rescinded or annulled; or
- (e) there has been entered against the Province, a final judgment, decree or order by a court of competent jurisdiction from which no appeal may be or is taken for the payment of money, in excess of U.S.\$15,000,000 (or the equivalent thereof in other currencies) and 90 days shall have passed since the entry of such final judgment, decree or order without it having been satisfied or stayed; or
- (f) the Province declares a moratorium in respect of or affecting all or any part of its Indebtedness; or
- (g) the validity of the notes or the indenture is contested by the Province; or
- (h) (i) any federal or provincial constitutional provision, law, regulation, ordinance or decree necessary to enable the Province to perform its obligations under the notes or the indenture, or for the validity or enforceability of any material provision thereof, expires, is withheld, revoked or terminated or otherwise ceases to remain in full force and effect, or is modified in a manner which materially adversely affects, or may reasonably be expected to materially adversely affect, any rights or claims of any of the holders of the notes, or (ii) any final decision by any court in Argentina having jurisdiction from which no appeal may be or is taken which purports to render any material provision of the notes or the indenture invalid or unenforceable or purports to prevent or delay the performance or observance by the Province of its obligations under any material provision of the notes or the indenture, and, in each case, such expiration, withholding, revocation, termination, cessation, invalidity, unenforceability or delay continues in effect for a period of 90 days.

If any Event of Default described above occurs and is continuing, the trustee or the holders of not less than 25% of the aggregate principal amount of the notes then outstanding may declare all of the notes then outstanding to be immediately due and payable by a notice in writing to the Province (and to the trustee if given by the holders). Upon any declaration of acceleration, the principal of, together with accrued interest (including any additional amounts) to the date of acceleration, the notes will become immediately due and payable on the date that written notice is received by the Province, without any further action or notice of any kind, unless prior to the date of delivery of such notice all Events of Default in respect of the notes have been cured.

If, at any time after the notes will have been declared due and payable, the Province shall pay or shall deposit (or cause to be paid or deposited) with the trustee a sum sufficient to pay all amounts of interest and principal due upon all the notes (other than principal due by virtue of the acceleration upon the Event of Default) (with interest on overdue amounts of interest, to the extent permitted by law, and on such principal of each note at the rate of interest specified in the note, to the date of such payment) and such amount as shall be sufficient to cover the reasonable fees and expenses of the trustee, including, without limitation, the fees and expenses of its counsel, and if any and all events of default under the notes, other than the non-payment of principal on the notes which shall have become due solely by declaration of acceleration, have been remedied, then, and in every such case, the holders of a majority in principal amount of the notes then outstanding, by written notice to the Province and to the trustee, may, on behalf of the holders of all of the notes, waive all defaults and rescind and annul such declaration and its consequences; but no such waiver or rescission and annulment will extend to or will affect any subsequent default, or shall impair any right consequent on any subsequent default.

### **Meetings, Amendments and Waivers – Collective Action**

The Province, in its discretion, may call a meeting of the holders of debt securities (including the notes) at any time and from time to time regarding the debt securities or the indenture. The Province 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 prior to the date fixed for the meeting.

In addition, the Province or the trustee will call a meeting of the holders of a series of debt securities (including the notes) if the holders of not less than 10.0% of the aggregate principal amount of such series then outstanding have delivered a written request to the Province or the trustee (with a copy to the Province) setting out the purpose of the meeting. The Province shall notify the trustee, and the trustee shall notify the holders within 10 days of receipt of such written request of the time, place and purpose of the meeting, which shall take place not less than 30 and not more than 60 days after the date on which such notification is given.

Only holders of debt securities (including the notes) and their proxies are entitled to vote at a meeting of holders. The Province will set the procedures governing the conduct of the meeting and, if additional procedures are required, the Province will consult with the trustee to establish such procedures as are customary in the market.

Modifications may also be approved in writing by holders of a series of debt securities (including the notes) with the consent of the requisite percentage of debt securities of such series. If a proposed modification is to be approved by written action, the Province shall solicit the consent of the relevant holders to the proposed modification not less than 10 and not more than 30 days prior to the expiration date for the receipt of such consents as specified by the Province.

The holders of a series of outstanding debt securities (including the notes) may generally approve any proposal by the Province to modify or take action with respect to the indenture or the terms of the series of debt securities with the affirmative vote (if approved at a meeting of the holders) or consent (if approved by written action) of holders of more than 50% of the outstanding principal amount of the debt securities of that series.

However, holders of any series of debt securities (including the notes) may approve, by vote or consent through one of the three modification methods mentioned below, any modification, amendment, supplement or waiver proposed by the Province that would do any of the following (such subjects referred to as “reserve matters”):

- change the date on which any amount is payable on the debt securities;
- reduce the principal amount of the debt securities (other than in accordance with the express terms of the debt securities and the indenture);
- reduce the interest rate on the debt securities;
- change the method used to calculate any amount payable on the debt securities (other than in accordance with the express terms of the debt securities and the indenture);



- change the currency or place of payment of any amount payable on the debt securities;
- modify the Province's obligation to make any payments on the debt securities (including any redemption price therefor);
- change the identity of the obligor under the debt securities;
- change the definition of "outstanding debt securities" or the percentage of affirmative votes or written consents, as the case may be, required to make a "reserve matter modification;"
- change the definition of "uniformly applicable" or "reserve matter modification;"
- authorize the trustee, on behalf of all holders of the debt securities, to exchange or substitute all the debt securities for, or convert all the debt securities into, other obligations or securities of the Province or any other person; or
- change the legal ranking, governing law, submission to jurisdiction or waiver of immunities provisions of the terms of the debt securities.

A change to a reserve matter, including the payment terms of any series of debt securities (including the notes), can be made without your consent, as long as the change is approved, pursuant to one of the three following modification methods, by vote or consent by:

- the holders of more than 75% of the aggregate principal amount of the outstanding notes, insofar as the change affects the notes but does not affect or modify the terms of any other series of debt securities issued under the indenture;
- where such proposed modification would affect the outstanding notes and at least one other series of debt securities issued under the indenture, the holders of more than 75% of the aggregate principal amount of the then outstanding debt securities of all of the series affected by the proposed modification, taken in the aggregate, if certain "uniformly applicable" requirements are met (defined in the indenture as "cross-series modification with single aggregated voting"); or
- where such proposed modification would affect the outstanding notes and at least one other series of debt securities issued under the indenture, whether or not the "uniformly applicable" requirements are met, the holders of more than 66 <sup>2</sup>/<sub>3</sub>% of the aggregate principal amount of the then outstanding debt securities of all of the series affected by the proposed modification, taken in the aggregate, *and* the holders of more than 50% of the aggregate principal amount of the then outstanding debt securities of each series affected by the modification, taken individually.

"Uniformly applicable," as used herein, means a modification by which holders of debt securities of all series affected by that modification are invited to exchange, convert or substitute their debt securities on the same terms for (x) the same new instruments or other consideration or (y) new instruments or other consideration from an identical menu of instruments or other consideration. It is understood that a modification will not be considered to be uniformly applicable if each exchanging, converting or substituting holder of debt securities of any series affected by that modification is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting or substituting holder of debt securities of any series affected by that modification (or, where a menu of instruments or other consideration is offered, each exchanging, converting or substituting holder of debt securities of any series affected by that modification is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting or substituting holder of debt securities of any series affected by that modification electing the same option under such menu of instruments).

Any modification consented to or approved by the holders of debt securities pursuant to the above provisions will be conclusive and binding on all holders of the relevant series of debt securities or all holders of all series of debt securities affected by a cross-series modification, as the case may be, whether or not they have given such consent, and on all future holders of those debt securities whether or not notation of such modification is made upon the debt securities. 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 that debt security.

The Province may select, in its discretion, any modification method for a reserve matter modification in accordance with the indenture and to designate which series of debt securities will be included for approval in the aggregate of modifications affecting two or more series of debt securities. Any selection of a modification method or designation of series to be included will be final for the purpose of that vote or consent solicitation.

Before soliciting any consent or vote of any holder of the debt securities (including the notes) for any change to a reserve matter, the Province will provide the following information to the trustee for distribution to the holders of debt securities of any series that would be affected by the proposed modification:

- a description of the Province's economic and financial circumstances that are in the Province's opinion relevant to the request for the proposed modification, a description of the Province's existing debts and description of its broad policy reform program and provisional macroeconomic outlook;
- if the Province shall at the time have entered into an arrangement for financial assistance with multilateral and/or other major creditors or creditor groups and/or an agreement with any such creditors regarding debt relief, (x) a description of any such arrangement or agreement and (y) where permitted under the information disclosure policies of the multilateral or other creditors, as applicable, a copy of the arrangement or agreement;
- a description of the Province's proposed treatment of external debt instruments that are not affected by the proposed modification and its intentions with respect to any other major creditor groups; and
- if the Province is then seeking any reserve matter modification affecting any other series of debt securities, a description of that proposed modification.

For purposes of determining whether the required percentage of holders of the notes or any series of debt securities has approved any amendment, modification or change to, or waiver of, the notes, such other series of debt securities or the indenture, or whether the required percentage of holders has delivered a notice of acceleration of the debt securities of that series, debt securities will be disregarded and deemed not to be outstanding and may not be counted in a vote or consent solicitation for or against a proposed modification if on the record date for the proposed modification or other action or instruction hereunder, the debt security is held by the Province or by a public sector instrumentality, or by a corporation, trust or other legal entity that is controlled by the Province or a public sector instrumentality, except that (x) debt securities held by the Province or any public sector instrumentality of the Province or by a corporation, trust or other legal entity that is controlled by the Province or a public sector instrumentality which have been pledged in good faith may be regarded as outstanding if the pledgee establishes, to the satisfaction of the trustee, the pledgee's right so to act with respect to such debt securities and that the pledgee is not the Province, or a public sector instrumentality, or a corporation, trust or other legal entity that is controlled by the Province or a public sector instrumentality, and in case of a dispute concerning such right, the advice of counsel shall be full protection in respect of any decision made by the trustee in accordance with such advice and any certificate, statement or opinion of counsel may be based, insofar as it relates to factual matters or information which is in the possession of the trustee, upon the certificate, statement or opinion of or representations by the trustee; and (y) in determining whether the trustee will be protected in relying upon any such action or instructions hereunder, or any notice from holders, only debt securities that a responsible officer of the trustee knows to be so owned or controlled will be so disregarded.

As used in the preceding paragraph, "public sector instrumentality" means any department, secretary, ministry or agency of the Province, and "control" means the power, directly or indirectly, through the ownership of

voting securities or other ownership interests, by contract 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 that legal entity.

The Province and the trustee may, without the vote or consent of any holder of a series of debt securities (including the notes), amend the indenture or the debt securities of that series for the purpose of:

- adding to the Province's covenants for the benefit of the holders of the debt securities of that series;
- surrendering any of the Province's rights or powers with respect to the debt securities of that series;
- securing the debt securities of that series;
- curing any ambiguity or curing, correcting or supplementing any defective provision in the debt securities of that series or the indenture;
- amending the debt securities of that series or the indenture in any manner that the Province and the trustee may determine and that does not materially adversely affect the interests of any holders of the debt securities of that series; or
- correcting a manifest error of a formal, minor or technical nature.

## Notices

The Province will mail notices to holders of definitive notes at their registered addresses as reflected in the books and records of the registrar. The Province will consider any mailed notice to have been given five business days after it has been sent.

The Province will give notices to the holders of a global note in accordance with the procedures and practices of the depositary and such notices shall be deemed given upon actual receipt thereof by the depositary.

All notices regarding the notes will also be given by the Province by publication at least once in an authorized newspaper in the English language in the City of New York and in an authorized newspaper in the Spanish language in Argentina. The term "authorized newspaper" as used herein means a newspaper of general circulation customarily published on each business day, whether or not it shall be published in Saturday, Sunday or holiday editions; *La Nación* or *Ambito Financiero* in the City of Buenos Aires and *The Wall Street Journal* in the City of New York are deemed to be authorized newspapers. If, by reason of the suspension of publication of any newspaper or by reason of any other cause, it is impracticable to give notice to the holders in the manner prescribed herein, then such notification in lieu thereof as will be made by the Province or by the trustee, at the Province's expense and on behalf of and at the instruction of the Province, will constitute sufficient provision of such notice, if such notification will, so far as may be practicable, approximate the terms and conditions of the publication in lieu of which it is given. Neither the failure to give notice nor any defect in any notice to any particular holder will affect the sufficiency of any notice with respect to other notes. Any notice to be published will be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made. In addition, the Province shall also ensure that, so long as any of the notes is represented by a global note held by or on behalf of the depositary, all notices regarding the notes will be delivered, in writing, to such depositary in accordance with its applicable procedures.

Notwithstanding the above, so long as the global notes are held in their entirety by or on behalf of a depositary, there may be substituted for such publication in such newspapers the delivery of the relevant notice to such depositary, for communication by them to the beneficial holders. Any such notice will be deemed to have been given to the holders on the seventh day after the day on which said notice was given to the relevant depositary.

## **Payment Procedure in the Event of Foreign Exchange Restrictions in Argentina**

The Province has agreed that, in the event that the Province is unable to obtain the full amount of U.S. dollars, referred to as the “specified currency” or to transfer such amounts outside of Argentina in order to make a scheduled payment of principal or interest on the Notes due to a restriction or prohibition on access to the foreign exchange market in Argentina, the Province shall, to the extent permitted by such restriction or prohibition, make such scheduled payment by means of (i) purchasing U.S. dollar-denominated Argentine government bonds traded outside of Argentina or any other securities or public or private bonds issued in Argentina, with Pesos, and transferring and selling such instruments outside Argentina for such specified currency or (ii) any other legal mechanism for the acquisition of the specified currency in any foreign exchange market. All costs, including any taxes, relative to such operations to obtain the specified currency will be borne by the Province.

## **Registration and Book-Entry System**

The notes will be issued in fully registered form without interest coupons. Notes offered and sold in reliance on Regulation S under the Securities Act will initially be represented by a single, permanent global note in definitive, fully registered book-entry form without interest coupon (the “Regulation S global note”), which will be deposited with the trustee as custodian for, and registered in the name of a nominee of, DTC and deposited for credit to an account of a direct or indirect participant of DTC, including Euroclear and Clearstream, as described below.

Notes sold in reliance on Rule 144A under the Securities Act will be represented by one or more permanent global notes in definitive, fully registered book-entry form without interest coupons (each a “restricted global note” and, together with the Regulation S global note, the “global notes”) and will be deposited with the trustee as custodian for, and registered in the name of a nominee of, DTC and deposited for credit to an account of a direct or indirect participant of DTC as described below.

Each global note will be subject to certain restrictions on transfer set forth therein as described under “Notice to Investors.”

Ownership of beneficial interests in a global note will be limited to persons who have accounts with DTC (“participants”), or persons who hold interests through participants. Ownership of beneficial interests in a global note will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC, or its nominees (with respect to interests of participants), and the records of participants (with respect to interests of persons other than participants).

So long as DTC, or its nominee, is the registered owner or holder of a global note, DTC, or such nominee, as the case may be, will be considered the sole owner or holder of the notes represented by such global note for all purposes under the indenture. No beneficial owner of an interest in a global note will be able to transfer that interest except in accordance with the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream), in addition to those provided for under the indenture. Payments made with respect to a global note will be made to DTC or its nominee, as the registered owner thereof.

Neither the Province, the trustee, any paying agent or any of their respective agents will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a global note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Province expects that DTC, or its nominee, upon receipt of any payment in respect of the global notes, will credit participants’ accounts with payments in amounts proportionate to their respective beneficial interests in such global note as shown on the records of DTC, or its nominee. The Province also expects that payments by the participants and indirect participants to owners of beneficial interests in such global note held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants and will not be the responsibility of DTC, the Province, the trustee or any paying agent.

Subject to compliance with the transfer restrictions applicable to the global notes, transfers between participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same-day funds. Transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures.

The Province expects that DTC, Euroclear and/or Clearstream, as applicable, will take any action permitted to be taken by a holder of notes only at the direction of one or more participants to whose account the interest in a global note is credited and only in respect of such portion of the securities as to which such participant or participants has or have given such direction.

The Province understands that DTC is a limited purpose trust company organized under the laws of the State of New York, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the Uniform Commercial Code and a "Clearing Agency" registered pursuant to the provisions of Section 17A of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes in accounts of its participants thereby eliminating the need for physical movement of certificates and certain other organizations. Indirect access to the DTC system is available to others such as banks, securities brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant either directly or indirectly ("indirect participants").

The Province understands that investors in the global notes may hold their interests directly through DTC, if they are participants in such system, or indirectly through organizations (including Euroclear and Clearstream) that are participants or indirect participants in such system. Euroclear and Clearstream will hold interests in the notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries, which are Euroclear Bank, S.A./N.V., as operator of Euroclear, and Citibank, N.A., as operator of Clearstream. The depositaries, in turn, will hold interests in the notes in customers' securities accounts in the depositaries' names on the books of DTC. Euroclear and Clearstream will facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes to the accounts of such participants. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, test companies and certain other organizations. Indirect access to Euroclear and/or Clearstream is also available to others, such as banks, securities brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear and/or Clearstream participant, either directly or indirectly.

Subject to compliance with the transfer restrictions applicable to the global notes, cross-market transfers between the participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules and procedures on behalf of Euroclear or Clearstream, as the case may be, by their depositaries; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the global notes in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositaries for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a global note from a participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. Cash received in Euroclear or Clearstream as a result of sales of interests in a global note by or through a Euroclear or Clearstream participant to a participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

Although DTC, Euroclear and Clearstream are expected to follow the foregoing procedures in order to facilitate transfers of interests in a global note among participants of DTC, Euroclear and Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Province, the trustee, any paying agent or any of their respective agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

All interests in a global note will be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream, as indirect participants in DTC, will also be subject to the procedures and requirements of these systems. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Such laws may impair the ability to transfer beneficial interests in the notes to such persons.

Except as described below, owners of interests in the global notes will not have notes registered in their names, will not receive physical delivery of notes in definitive form and will not be considered the registered owner or holders thereof under the indenture for any purpose.

### **Definitive Notes**

The Province will issue the notes in definitive, fully registered form without interest coupons in exchange for interests in a global note only if:

- DTC notifies the Province that it is unwilling or unable to continue as depository for the global notes, announces an intention permanently to cease business or does in fact do so, or is not registered or ceases to be exempt from registration under the Exchange Act, as amended, and in each case, the Province fails to appoint a successor depository within 90 days of such notice;
- at any time the Province decides it no longer wishes to have all or part of such notes represented by global notes; or
- the trustee determines, upon the advice of counsel, that it is necessary to obtain possession of such notes in definitive form in connection with any proceedings to enforce the rights of holders of such notes.

In connection with the exchange of interests in a global note for notes in definitive form under any of the conditions described above, the Province will execute, and will instruct the trustee to authenticate and deliver, notes in definitive form registered in the names, and issued in any approved denominations, requested by or on behalf of DTC (in accordance with its customary procedures) and will bear the applicable restrictive legend referred to under the heading “Notice to Investors,” unless the Province determines otherwise in accordance with the indenture and in compliance with applicable law.

If the Province issues definitive notes, they will have the same terms and authorized denominations as the global notes. You will receive payment of principal and interest in respect of definitive securities from the trustee and any other paying agent appointed by the Province. You may present definitive securities for transfer or exchange according to the procedures in the indenture at the corporate trust office of the trustee in the City of New York and at the offices of any other transfer agent appointed by the Province.

You may be charged for any stamp, tax or other governmental or insurance charges that must be paid in connection with the transfer or exchange of notes. The Province, the trustee and any other agent appointed by the trustee or the Province may treat the person in whose name any note is registered as the owner of such note for all purposes.

If any note becomes mutilated, destroyed, stolen or lost, you can replace it by delivering the note or evidence of its loss, theft or destruction to the trustee. The Province and the trustee may require you to sign an indemnity under which you agree to pay the Province, the trustee or any other agent appointed by the trustee for any

losses they may suffer relating to the note that was mutilated, destroyed, stolen or lost. The Province and the trustee may also require you to present other documents or proof. After you deliver these documents, if neither the Province nor the trustee has notice that a protected purchaser has acquired the note that you are exchanging, the Province will execute, and the trustee will authenticate and deliver to you, a substitute note with the same terms as the note you are exchanging. You will be required to pay all expenses and reasonable charges associated with the replacement of this definitive note.

In case any mutilated, destroyed, stolen or lost note has become or will become due and payable within 15 calendar days following its delivery to the trustee for replacement, the Province may pay such note instead of replacing it.

### **Limitations on Suits by Holders**

If an Event of Default for the notes has occurred and is continuing, the trustee may, in its discretion, institute judicial action to enforce the rights of the holders. With the exception of a suit brought by a holder on or after the stated maturity date to enforce the absolute right to receive payment of the principal of and interest on the notes on the stated maturity date therefor (as that date may be amended or modified pursuant to the terms of the notes, but without giving effect to any acceleration), a holder has no right to bring a suit, action or proceeding with respect to the Indenture or notes of a series unless: (1) such holder has given written notice to the trustee that a default with respect to such series of notes has occurred and is continuing; (2) holders of not less than 25% of the aggregate principal amount outstanding of such series of notes have instructed the trustee by specific written request to institute an action, suit or proceeding and provided an indemnity or other security satisfactory to the trustee; and (3) 60 days have passed since the trustee received the notice, request and provision of indemnity or other security, the trustee has failed to institute an action, suit or proceeding as directed and no direction inconsistent with such written request shall have been given to the trustee by a majority of holders of such series of notes. Moreover, any such action commenced by a holder must be for the equal, ratable and common benefit of all holders of such series of notes.

### **Governing Law**

The indenture is, and the notes will be, governed by and construed in accordance with the laws of the State of New York.

### **Submission to Jurisdiction**

Under U.S. law, the Province is a political subdivision of a sovereign state. Consequently, it may be difficult for holders of notes to obtain or realize judgments from courts in the United States or elsewhere against the Province. Attachment prior to judgment or attachment in aid of execution will not be ordered by courts of Argentina or the Province with respect to property in the public domain located in Argentina that falls within the purview of Articles 234, 235 and 237 of the Argentine Civil and Commercial Code or property of the Province that directly provides an essential public service. Furthermore, it may be difficult for the trustee or holders to enforce, in the United States or elsewhere, the judgments of U.S. or foreign courts against the Province.

In connection with any legal action or proceeding arising out of or relating to the indenture and the notes (subject to the exceptions described below), the Province has agreed:

- to submit to the exclusive jurisdiction of any New York State or U.S. federal court sitting in the City of New York in the Borough of Manhattan and the courts of Argentina and, in each case, any appellate court thereof (each, a “Specified Court”);
- that all claims in respect of such legal action or proceeding may be heard and determined in such Specified Court and the Province will waive, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding; and

- to appoint CT Corporation Systems as its process agent, which is presently located at 111 Eight Avenue, New York, NY 10011, United States of America.

The process agent will receive, on behalf of the Province and its property, service of copies of any summons and complaint and any other process that may be served in any such legal action or proceeding brought in such Specified Court. Service may be made by mailing or delivering a copy of such process to the Province at the address specified above for the process agent.

A final non-appealable judgment in any of the above legal actions or proceedings before a Specified Court will be conclusive and may be enforced by a suit upon such judgment in a Specified Court or any other courts that may have jurisdiction over the Province.

In addition to the foregoing, the trustee and the holders of notes may serve legal process in any other manner permitted by applicable law.

To the extent that the Province has or hereafter may acquire any immunity (sovereign or otherwise) in respect of its obligations under the notes or the indenture from jurisdiction of any Specified Court (or any other court that may have jurisdiction over the Province where a final non-appealable judgment may be enforced by a suit upon such judgment) or from any legal process (whether through service of notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property (except for property of the public domain located in Argentina or property that provides an essential public service), the Province irrevocably waives such immunity in respect of its obligations under the indenture or the notes, and, without limiting the generality of the foregoing, the Province agrees that the waivers set forth in the indenture shall have the fullest scope permitted under the Foreign Sovereign Immunities Act of 1976 of the United States, as amended, and are intended to be irrevocable for purposes of such Act; *provided* that the Province has reserved the right to plead sovereign immunity under the U.S. Foreign Sovereign Immunities Act of 1976 with respect to actions or proceedings brought against it under the U.S. federal or state securities laws, and the Province's appointment of a process agent is not intended to extend such actions or proceedings.

Holders may be required to post a bond or other security with the Argentine courts as a condition to the institution, prosecution or completion of any action or proceeding (including appeals) arising out of or relating to the notes filed in those courts.

A judgment obtained against the Province in a foreign court may be enforced in the Supreme Court of the Republic of Argentina. Based on current law, the Supreme Court of the Republic of Argentina will enforce such a judgment in accordance with the terms and conditions of the treaties entered into between Argentina and the country in which the judgment was issued. In the event there are no such treaties, the Supreme Court of the Republic of Argentina will enforce the judgment if it:

- complies with all formalities required for the enforceability thereof under the laws of the country in which it was issued;
- has been translated into Spanish, together with all related documents, and it satisfies the authentication requirements of the laws of Argentina;
- was issued by a competent court, according to Argentine principles of international law, as a consequence of a personal action (action *in personam*) or a real action (action *in rem*) over a movable property if it has been moved to Argentina during or after the time the trial was held before a foreign court;
- was issued after serving due notice and giving an opportunity to the defendant to present its case;
- is not subject to further appeal;



- is not against Argentine public policy; and
- is not incompatible with another judgment previously or simultaneously issued by a court in Argentina.

### **Currency Indemnity**

The Province agrees that, if a judgment or order given or made by any court for the payment of any amount in respect of the indenture or any note to the holders thereof or the trustee is expressed in a currency (the “judgment currency”) other than the specified currency, the Province will indemnify the trustee and the relevant holders against any deficiency arising or resulting from any variation in rates of exchange between the date as of which the specified currency is notionally converted into the judgment currency for the purposes of such judgment or order and the date actual payment thereof is received (or could have been received) by converting the amount in the judgment currency into the specified currency promptly after receipt thereof at the prevailing rate of exchange in a foreign exchange market reasonably selected by such holders or the trustee, as applicable. This indemnity will constitute a separate and independent obligation from the other obligations contained in the indenture and the notes and will give rise to a separate and independent cause of action.

### **Concerning the Trustee**

U.S. Bank National Association is the trustee under the indenture and has been appointed by the Province as registrar, paying agent and transfer agent with regard to the notes. U.S. Bank National Association in each of its capacities, including without limitation as trustee, registrar, paying agent and transfer agent, assumes no responsibility for the accuracy or completeness of the information contained in this offering memorandum or the related documents or for any failure by us or any other party to disclose events that may have occurred and may affect the significance or accuracy of such information. The indenture contains provisions relating to the obligations and duties of the trustee, to the indemnification of the trustee and to the liability and responsibility, including limitations, for actions that the trustee takes. The trustee is entitled to enter into business transactions with the Province or any of its affiliates without accounting for any profit resulting from such transactions.

## NOTICE TO INVESTORS

The distribution of this offering memorandum is restricted by law in certain jurisdictions. Persons into whose possession this offering memorandum comes are required by the Province to inform themselves of and to observe any of these restrictions.

This offering memorandum does not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which an offer or solicitation is not authorized or in which the person making an offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make an offer or solicitation. Neither the Province nor the initial purchasers accept any responsibility for any violation by any person of the restrictions applicable in any jurisdiction.

The notes will be subject to the following restrictions on transfer. Holders of notes are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of their notes. By acquiring notes, holders will be deemed to have made the following acknowledgements, representations to and agreements with the Province and the initial purchasers.

- (1) You acknowledge that:
  - the notes have not been registered under the Securities Act or the securities laws of any other jurisdiction and are being offered for resale in transactions that do not require registration under the Securities Act or the securities laws of any other jurisdiction; and
  - unless so registered, the notes may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws, and in each case in compliance with the conditions for transfer set forth below;
- (2) You represent that you are not an affiliate (as defined in Rule 144 under the Securities Act) of the Province and you are not acting on behalf of the Province and that either:
  - you are a qualified institutional buyer (as defined in Rule 144A under the Securities Act) and are acquiring the notes for your own account or for the account of another qualified institutional buyer, and you are aware that the initial purchasers are selling the notes to you in reliance on Rule 144A under the Securities Act; or
  - you are purchasing the notes in an offshore transaction in accordance with Regulation S under the Securities Act;
- (3) You agree on your own behalf and on behalf of any investor account for which you are purchasing notes, and each subsequent holder of notes by its acceptance of the notes will agree, that the notes may be offered, sold or otherwise transferred only:
  - to the Province;
  - inside the United States to a qualified institutional buyer (as defined in Rule 144A) in compliance with Rule 144A under the Securities Act;
  - outside the United States in compliance with Rule 903 or 904 under the Securities Act;
  - pursuant to a registration statement that has been declared effective under the Securities Act; or
  - in any other jurisdiction in compliance with local securities laws;

- (4) You acknowledge that the Province and the trustee reserve the right to require, in connection with any offer, sale or other transfer of notes, the delivery of written certifications and/or other information satisfactory to the Province as to the compliance with the transfer restrictions referred to above;
- (5) You agree to deliver to each person to whom you transfer notes, notice of any restrictions on transfer of such notes;
- (6) You acknowledge that each Rule 144A global note will bear a legend to the following effect:

“THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND MAY NOT BE RESOLD, PLEDGED, OR OTHERWISE TRANSFERRED EXCEPT AS PERMITTED BY THE FOLLOWING SENTENCES. THE HOLDER HEREOF, BY ITS ACCEPTANCE OF THIS NOTE, REPRESENTS, ACKNOWLEDGES AND AGREES ON ITS OWN BEHALF, AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, THAT IT WILL NOT RESELL, PLEDGE OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) TO THE ISSUER, (B) IN COMPLIANCE WITH RULE 144A, UNDER THE SECURITIES ACT, TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER, (C) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR 904 OF REGULATIONS UNDER THE SECURITIES ACT OR (D) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF THE UNITED STATES OR OF ANY STATE THEREIN.

THIS LEGEND MAY ONLY BE REMOVED WITH THE CONSENT OF THE ISSUER.”

- (7) You acknowledge that each Regulation S global note will bear a legend to the following effect:

“THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”). THE HOLDER HEREOF, BY ITS ACCEPTANCE OF THIS NOTE, REPRESENTS, ACKNOWLEDGES AND AGREES ON ITS OWN BEHALF, AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, THAT IT WILL NOT RESELL, PLEDGE OR OTHERWISE TRANSFER THIS NOTE UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

THIS LEGEND MAY ONLY BE REMOVED WITH THE CONSENT OF THE ISSUER.”

- (8) If you are acquiring any notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the foregoing acknowledgments, representations, warranties and agreements on behalf of each account; and
- (9) You acknowledge that the Province, the initial purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations, warranties and agreements. You agree that, if any of the acknowledgments, representations or warranties deemed to have been made by your purchase of notes is no longer accurate, you will promptly notify the Province and the initial purchasers.

## TAXATION

*The following discussion summarizes certain Argentine, provincial, and U.S. federal income tax considerations that may be relevant to you if you purchase own or sell the notes. This summary is based on laws, regulations, rulings and decisions now in effect in each of these jurisdictions, including any relevant tax treaties. Any change could apply retroactively and could affect the continued validity of this summary.*

*This summary does not describe all of the tax considerations that may be relevant to you or your situation, particularly if you are subject to special tax rules.*

*You should consult your tax advisor about the tax consequences of the acquisition, ownership and disposition of the notes, including the relevance to your particular situation of the considerations discussed below, as well as of any foreign, state, local or other tax laws.*

*The following discussion does not address tax consequences applicable to holders of the notes in particular jurisdictions that may be relevant to such holder. Holders of the notes are urged to consult their own tax advisors as to the overall tax consequences of the acquisition, ownership and disposition of the notes in relevant jurisdictions.*

### **Argentine Tax Consequences**

#### *General*

The following is a general summary of certain Argentine tax consequences resulting from the beneficial ownership of the notes by certain holders. This summary is based on the Argentine laws and regulations in force as of the date of this offering memorandum. No assurance can be given that the courts or fiscal authorities responsible for the administration of such laws will agree with this summary or that changes to such laws will not occur, which may have retroactive effects.

#### *Interest*

Unless otherwise stated hereinafter, interest on the notes will be exempt from Argentine Income Tax (“IT”) according to Article 36 of Law No. 23,576 (the “Negotiable Obligations Law”).

Decree No. 1076/92, as amended and supplemented by Decree No. 1157/92, ratified by Law No. 24,307, however, eliminated the above exemption for holders who are subject to Title VI of the Argentine Income Tax Act (in general, entities organized or incorporated under Argentine law, Argentine branches of foreign entities, sole proprietorships and individuals who conduct certain business in Argentina (hereinafter referred to as the “Argentine Entities”). Consequently, interest paid to Argentine Entities is subject to IT under applicable Argentine tax law and regulations at a rate of 35%.

The exemption from IT in respect of interest payments on the notes described above will continue to be applicable to interest received by foreign beneficiaries abroad (i.e. individuals, undivided states or entities which are foreign fiscal residents that obtain income from an Argentine source).

In the event of any withholding or deduction of any Relevant Taxes by a Relevant Jurisdiction, the Province has undertaken to make payments of additional amounts, subject to certain limitations, so that holders will receive the same amount as they would have received in the absence of such withholdings or deduction. See “Description of the Notes—Additional Amounts.”

#### *Capital Gains*

According to Article 36 of the Negotiable Obligations Law, individuals, regardless of their residence in Argentina, and foreign entities without a permanent establishment in Argentina will not be subject to the payment of IT on income derived from the sale, exchange, conversion or other disposition of the notes provided that the notes

are placed through a public offering. The Province expects that the issuance of the notes will satisfy the public offering conditions of Article 36 of the Negotiable Obligations Law.

Argentine law generally provides that tax exemptions do not apply when, as a result of the application of such exemption, revenue that would have been collected by the Argentine tax authority would be collected instead by a foreign tax authority (Articles 21 of the Income Tax Law and 106 of the Tax Proceedings Law). This law, however, does not apply to holders who are foreign beneficiaries.

Argentine Entities are subject to the payment of IT at a rate of 35% on income derived from the sale, exchange, conversion or other disposition of the notes.

*Value Added Tax (VAT)*

Any financial transaction and operation related to the issuance, placement, purchase, transfer, payment of principal and/or interest or redemption of the notes will be exempt from VAT provided that the public offering conditions of Article 36 of the Negotiable Obligations Law are fulfilled. The Province expects that the issuance of the notes will satisfy the public offering conditions of Article 36 of the Negotiable Obligations Law.

*Personal Assets Tax*

Under Law No.23,966 and its amendments regarding personal assets tax (“PAT”), individuals and undivided estates domiciled in Argentina are subject to PAT on all property situated in the country and abroad existing as of December 31 of each year. Non-Argentine domiciled individuals and undivided estates are subject to PAT on all property situated in Argentina existing as of December 31 of each year.

Pursuant to the amendments of Law No. 27,260, published in the Official Gazette on July 22, 2016 and in force from the following day, PAT non-taxable minimum threshold and tax rates applicable to Argentine domiciled individuals and undivided estates vary according to the fiscal period. If the aggregate value of assets of the Argentine domiciled taxpayer exceeds the non-taxable minimum threshold, only the exceeding amount will be subject to taxation.

The following PAT rates apply:

Fiscal year	Excess over non-taxable minimum threshold	TaxRate
2016	Value of taxable assets exceeding Ps. 800,000	0.75%
2017	Value of taxable assets exceeding Ps. 950,000	0.50%
2018 and subsequent periods	Value of taxable assets exceeding Ps. 1,050,000	0.25%

Foreign domiciled individuals and undivided estates located abroad shall only be subject to PAT in respect of the assets located in Argentina (including the notes). The applicable rate payable by these taxpayers is 0.75% for tax period 2016, 0.50% for 2017 and 0.25% for 2018 and the following years. The PAT shall not be paid if the amount to be remitted is equal to or lower than Ps.255,75.

However, individuals and undivided estates (regardless of their domicile and location) are exempt from PAT on their holdings of any bond or security issued either by the Argentine federal government, an Argentine Province, the Autonomous City of Buenos Aires, or a Municipality, which should include the notes.

### *Presumed Minimum Income Tax*

The tax on presumed minimum income (the “PMIT”) is levied on the value of the assets generally held by Argentine corporate entities at the end of the relevant tax period. Companies domiciled in Argentina as well as the branches and permanent establishments in Argentina of companies or other entities incorporated abroad, among others, are subject to the tax at the rate of 1.0% (0.2% in the case of financial entities subject to Law No. 21,526) if the value of their assets exceeds Ps.200,000 at the end of a given economic period. If the value of the assets exceeds Ps.200,000, the total assets of the entity that are subject to taxation shall be taxable.

The PMIT will only be paid if the IT for any fiscal year does not equal or exceed the amount owed under the PMIT. On the other hand, if the PMIT exceeds the IT owed in the same fiscal year, only the difference shall be paid as PMIT. Any PMIT paid will be applied as a credit toward IT owed in the immediately following ten fiscal years.

Law No.27,260, published in the National Official Gazette on July 22, 2016, repeals this tax for periods beginning January 1, 2019.

### *Tax on Debits and Credits on Bank Accounts*

Law No. 25,413, as amended and regulated, establishes, with certain exceptions, a tax levied on debits from and credits to bank accounts maintained at financial institutions located in Argentina and on other transactions that are used as a substitute for the use of bank checking accounts. The general tax rate is 0.6% for each debit and credit, however increased tax rates of 1.2% and reduced rates of 0.075% may apply in certain cases.

In the case of holders of bank accounts subject to the general 0.6% rate, 34% of the tax assessed and received by the tax collection agent in connection with the amounts credited in said accounts, may be credited as payment on account of the IT and/or the PMIT. In the case of taxpayers subject to the 1.2% rate, 17% of the amounts of such tax may be accounted for as payment on account of the IT and/or the PMIT. Taxpayers who qualify for the purposes of Law No. 27.264 (Micro, Small and Medium Enterprises Special Regime) are able to compute 100% (micro and small enterprises) or 50% (medium sized enterprises) of the tax on debits and credits in bank accounts, effectively paid as a payment on account of IT.

This tax has certain exemptions, including for recorded movements in special checking accounts (Communication “A” 3250 of the Central Bank) if the accounts are held by foreign legal entities and if they are exclusively used for financial investments in the country.

To the extent that holders of the Notes receive payments by utilizing local bank checking accounts, such tax may apply.

### *Court Tax*

In the event that it becomes necessary to institute enforcement proceedings in respect of the notes (i) in the federal courts of Argentina or the courts sitting in the City of Buenos Aires, a court tax (currently at a rate of 3.0%) will be imposed on the amount of any claim brought before such courts, or (ii) in the courts of the Province, certain court and other taxes will be imposed on the amount of any claim brought before such courts.

## **Provincial Tax Consequences**

### *Turnover Tax*

Turnover tax is a local tax levied on habitual activities for profit carried out in a provincial jurisdiction and/or in the City of Buenos Aires (the “Turnover Tax”). The taxable base is the gross amounts invoiced for the business conducted in the relevant jurisdiction. Usually, the provinces and the City of Buenos Aires establish exemptions for the turnovers derived from any transaction related to any notes issued by an Argentine Province.

There is a system of collection over credits on bank accounts known as SIRCREB that enables the observance of the Turnover Tax’s collection regimes, applicable on the amounts credited in bank accounts. The

regimes vary according to the specific laws of each Argentine province. Some jurisdictions (e.g., Province of Buenos Aires, Córdoba, City of Buenos Aires, etc.) have excluded the application of these Turnover Tax collection regimes for transactions involving notes issued by the federal government, the Argentine Provinces and Argentine municipalities.

Potential investors should consider the possibility that the Turnover Tax may apply under the provincial laws applicable to their specific case.

#### *Stamp Tax*

The stamp tax is levied on instruments executed in a provincial jurisdiction or the City of Buenos Aires or on instruments having effects within such jurisdictions. Usually, Argentine provinces and the City of Buenos Aires establish exemptions on acts, contracts and operations, related to notes issued by an Argentine Province, such as the notes.

Prospective investors should consider the stamp tax consequences of the jurisdictions involved in their specific case.

#### *Tax on Gratuitous Transfer of Assets*

The Province of Buenos Aires passed Law No. 14,044, approved on September 23, 2009 and published in the Official Gazette on October 16, 2009, whereby it imposed a Tax on Gratuitous Transfer of Assets (“TGTA”), effective as of January 1, 2010.

Subsequently, Law No. 14,044 was amended pursuant to Law No. 14,200 (approved on December 2, 2010 and published in the Official Gazette on December 24, 2010), by Law No. 14,808 (published in the Official Gazette of the Province of Buenos Aires dated January 22, 2016) and regulated by Resolution 91/2010 of the Buenos Aires Revenue Agency (published in the Official Gazette of Buenos Aires dated February 7, 2011). The basic aspects of the TGTA are:

- The TGTA is applicable to any enrichment resulting from gratuitous transfers, including: inheritances, legacies, donations, anticipated inheritances or any other event that implies a gratuitous monetary enrichment.
- The TGTA is payable by individuals and legal entities that are beneficiaries of a gratuitous transfer of assets.
- For taxpayers domiciled in the Province of Buenos Aires, the TGTA is levied on the total amount of the gratuitous enrichment, in respect of property situated both in and outside of the Province of Buenos Aires. Instead, for taxpayers domiciled outside the Province of Buenos Aires, the tax is levied only on the gratuitous enrichment resulting from the transmission of assets located within the Province of Buenos Aires.

The following types of property, which may be freely transferred, are deemed situated in the Province of Buenos Aires (i) securities and shares of stock, notes, membership or equity interests and other negotiable instruments representing capital stock, issued by governmental or private entities and companies domiciled in the Province of Buenos Aires; (ii) securities, shares of stock and other negotiable instruments issued by private entities or companies domiciled in a different jurisdiction that were physically situated in the Province of Buenos Aires at the time of their transmission; and (iii) securities, shares of stock and other negotiable instruments representing capital stock or its equivalent issued by entities or companies domiciled in another jurisdiction which are also physically situated in another jurisdiction, in proportion to the issuer’s assets situated in the Province of Buenos Aires.

- The gratuitous transfer of assets is exempt from tax when their aggregate value, excluding deductions, exemptions and exclusions, is equal to or lower than Ps.78,000 and Ps.325,000 when the transfer is done between parents, children and spouses.

- Step-up rates from 4% to 21.925% have been established, based on the degree of kinship and taxable base involved.

The gratuitous transfer of notes could give rise to TGTA if the aggregate value—without considering tax benefits, exemptions or exclusions—is equal or less than Ps. 78,000, or Ps. 325,000 if the transfer were done between parents, sons or spouses.

The Province of Entre Ríos, by virtue of Law No. 10,197, implemented this tax on a provincial level that may apply if the beneficiaries are domiciled in Entre Ríos or if the transferred assets are located within said jurisdiction. The taxable event and the applicable rates are similar to the ones described for the Province of Buenos Aires.

Pursuant to Decree 2554/2014 (published in the Official Gazette of Entre Rios dated October 24, 2014) the gratuitous transfer of assets shall not pay the TGTA if the aggregate value is equal or less than Ps. 60,000, or Ps. 250,000 if the transfer were done between parents, sons or spouses.

As for the existence of the TGTA in other provinces, potential investors must analyze the tax consequences according to the jurisdictions involved in their specific case.

### **Certain United States Federal Income Tax Considerations**

The following discussion summarizes certain U.S. federal income tax consequences of the purchase, ownership and disposition of notes for U.S. holders (as defined below). This discussion is based on the U.S. Internal Revenue Code of 1986, as amended, U.S. Treasury regulations, published administrative interpretations of the Internal Revenue Service (“IRS”) and judicial decisions, all of which are subject to change, possibly with retroactive effect. This summary deals only with U.S. holders that hold notes as capital assets and acquired the notes upon original issuance at their original issue price. This discussion does not address the tax consequences that may be relevant to U.S. holders subject to special tax rules, including partnerships (or entities or arrangements treated as partnerships for U.S. federal income tax purposes) and other pass-through entities and partners or members therein, insurance companies, tax-exempt organizations, banks and financial institutions, brokers, dealers in securities or currencies, persons whose functional currency is not the U.S. dollar, persons that have hedged the risk of holding notes, persons that hold notes as part of a “straddle” or other integrated transaction, and traders that elect mark-to-market treatment. In addition, this discussion does not consider the effect of any applicable state, local or foreign tax laws, or any aspect of U.S. federal taxation other than income taxation (such as estate and gift tax laws, the alternative minimum tax or Medicare tax on net investment income).

For purposes of this discussion, “U.S. holder” means a beneficial owner of notes that is an individual who is a citizen or resident of the United States or a domestic corporation or any person (including an estate or trust) that is otherwise subject to U.S. federal income tax on a net income basis in respect of the notes.

**You should consult your tax adviser about the tax consequences of holding notes, including the relevance to your particular situation of the considerations discussed below, as well as the relevance to your particular situation of state, local or other tax laws.**

#### *Payments of Interest*

Payments of interest on the notes (including the amount of any withholding taxes and any additional amounts paid with respect thereto) generally will be taxable to a U.S. holder as ordinary interest income at the time that such payments accrue or are received, in accordance with the U.S. holder’s method of accounting for U.S. federal income tax purposes.

It is expected, and this discussion assumes, that the notes will not be considered as issued with original issue discount (“OID”) in excess of a *de minimis* amount. In general, however, if the notes are issued with OID that is more than a *de minimis* amount, regardless of a U.S. holder’s regular method of accounting for U.S. federal



income tax purposes, such holder will have to include OID as ordinary gross income under a “constant yield method” before the receipt of cash attributable to such income.

With certain exceptions as noted below, any Argentine withholding tax that is imposed on payments of interest will be treated as a foreign income tax that is eligible (subject to generally applicable limitations and conditions under U.S. tax laws) for credit against a U.S. holder’s federal income tax liability or, at the U.S. holder’s election, for deduction in computing the U.S. holder’s taxable income. Payments of interest on the notes generally will constitute foreign-source “passive category income” for U.S. foreign tax credit purposes. The calculation and availability of foreign tax credits and, in the case of a U.S. holder that elects to deduct foreign taxes, the availability of such deduction involves the application of complex rules that depend on a U.S. holder’s particular circumstances. U.S. holders should consult their own tax advisors regarding the availability of foreign tax credits.

#### *Dispositions of the Notes*

A U.S. holder generally will recognize gain or loss on the sale, exchange, redemption or other taxable disposition of the notes in an amount equal to the difference between the amount realized on such disposition (less any amounts attributable to accrued but unpaid interest, which will be taxable as such to the extent not previously included in income) and the U.S. holder’s adjusted tax basis in the notes. A U.S. holder’s adjusted tax basis in a note generally will equal its U.S. dollar cost in that note. Gain or loss realized by a U.S. holder on a sale, exchange, redemption or other disposition of the notes generally will be U.S.-source capital gain or loss, and generally will be long-term capital gain or loss if, at the time of such disposition, the notes have been held for more than one year. The net amount of long-term capital gain realized by certain non-corporate holders (including individuals) may be eligible for taxation at a preferential rate. The deduction of capital losses is subject to limitations.

#### ***Information Reporting and Backup Withholding***

Payments in respect of the notes that are paid within the United States or through certain U.S.-related financial intermediaries are generally subject to information reporting, unless the U.S. holder is a corporation (other than an S Corporation) or other exempt recipient. Such payments to a non-exempt recipient may also be subject to backup withholding, unless the U.S. holder provides an accurate taxpayer identification number and certifies that it has not lost its exemption from backup withholding. The amount of any backup withholding collected from a payment to a U.S. holder will be allowed as a credit against the U.S. holder’s U.S. federal income tax liability and may entitle the U.S. holder to a refund, provided that certain required information is timely furnished to the IRS. Non-U.S. holders are generally exempt from backup withholding, but such holder may have to comply with certification procedures to prove entitlement to this exemption. Holders should consult their tax advisors about these rules and any other reporting obligations that may apply to the ownership or disposition of notes.

## PLAN OF DISTRIBUTION

J.P. Morgan Securities LLC is acting a Global Coordinator and Joint Bookrunner and Citigroup Global Markets Inc. and HSBC Securities (USA) Inc. are acting as Joint Bookrunners for this offering. Subject to the terms and conditions set forth in the purchase agreement dated October 25, 2016, between us and J.P. Morgan Securities LLC, Citigroup Global Markets Inc. and HSBC Securities (USA) Inc., as initial purchasers, we have agreed to sell to the initial purchasers, and each of the initial purchasers has, severally and not jointly, agreed to purchase from us, the principal amount of notes that appears opposite its name in the table below.

<b>Initial Purchaser</b>	<b>Principal Amount of Notes</b>
J.P. Morgan Securities LLC.....	<b>U.S.\$150,000,000</b>
Citigroup Global Markets Inc. ....	<b>U.S.\$50,000,000</b>
HSBC Securities (USA) Inc. ....	<b>U.S.\$50,000,000</b>
<b>Total</b> .....	<b>U.S.\$250,000,000</b>

The purchase agreement provides that the obligations of the initial purchasers are subject to approval of legal matters by their counsel, including the validity of the notes, and to certain conditions precedent. The initial purchasers must purchase all the notes if they purchase any of the notes.

We have agreed to indemnify the initial purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the initial purchasers may be required to make because of any of those liabilities.

The initial purchasers initially propose to offer the notes for resale at the issue price set forth on the cover page of this offering memorandum. After the initial offering, the initial purchasers may change the offering price and other selling terms. The initial purchasers may offer and sell notes through certain of their affiliates.

The notes have not been registered under the Securities Act. The initial purchasers have agreed that they will offer or sell the notes only (1) to qualified institutional buyers in the United States in reliance on Rule 144A under the Securities Act and (2) outside the United States pursuant to Regulation S under the Securities Act. In addition, until 40 days after the commencement of this offering, an offer or sale of notes within the United States by a dealer that is not participating in this offering may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A. See “Notice to Investors.”

Neither we nor the initial purchasers are making an offer to sell, or seeking offers to buy, the notes in any jurisdiction where the offer and sale is not permitted. You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell the notes or possess or distribute this offering memorandum, and you must obtain any consent, approval or permission required for your purchase, offer or sale of the notes under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales. Neither we nor the initial purchasers will have any responsibility therefor.

The notes are a new issue of securities. There is no established trading market for the notes. Neither we nor the initial purchasers can give assurances that the prices at which the notes will sell in the market after this offering will not be lower than the initial offering price or that an active trading market for the notes will develop and continue after this offering. The initial purchasers have advised us that they currently intend to make a market in the notes. However, the initial purchasers are not obligated to do so and may discontinue any market-making activities with respect to the notes at any time without notice. In addition, market making activity will be subject to the limits imposed by the Securities Act and the Exchange Act. Accordingly, we cannot give assurances as to the liquidity of the trading market for the notes.

We will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any debt securities issued or guaranteed by the Province having a maturity of more than one year in the international capital markets (other than the notes) for a period of 60 days after the date of this offering memorandum without the prior written consent of the initial purchasers.

In connection with the offering, the initial purchasers may purchase and sell notes in the open market. These transactions may include over-allotment, covering transactions and stabilizing transactions. Over-allotment involves sales of notes in excess of the principal amount of notes to be purchased by the initial purchasers in this offering, which creates a short position for the initial purchasers. Covering transactions involve purchases of the notes in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions consist of certain bids or purchases of notes made for the purpose of preventing or retarding a decline in the market price of the notes while the offering is in progress. Any of these activities may have the effect of preventing or retarding a decline in the market price of the notes. It may also cause the price of the notes to be higher than the price that otherwise would exist in the open market in the absence of these transactions. The initial purchasers may conduct these transactions in the over-the-counter market or otherwise. If the initial purchasers commence any of these transactions, they may discontinue them at any time. Neither the Province nor the initial purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the notes.

The initial purchasers and their affiliates have, directly or indirectly, engaged in, and may in the future engage in, investment and/or commercial banking and other financial services and commercial dealings in the ordinary course of business with us. They have received customary fees and commissions and they expect to provide these services to us in the future for which they also expect us to receive customary fees and commission.

In addition, in the ordinary course of their business activities, the initial purchasers and/or any of their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Province or its affiliates and/or persons and entities with relationship to the Province. The initial purchasers and/or any of their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

It is expected that delivery of the notes will be made against payment therefor on or about November 1, 2016, which is the fifth business day following the date of the pricing of the notes (such settlement cycle being referred to as "T+5"). Trades in the secondary market generally are required to settle in three business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the notes on the date of pricing or the next succeeding business day will be required, by virtue of the fact that the notes initially will settle in T+5, to specify an alternative settlement cycle at the time of any such trade to prevent failed settlement. Purchasers of the notes who wish to trade the notes on the date of pricing or the next succeeding business day should consult their own advisors.

## **Notice to Prospective Investors in Canada**

The notes may be sold only to purchasers purchasing or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the notes must be in made accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* ("NI33-105"), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

## **Notice to Prospective Investors in the European Economic Area**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each initial purchaser and each local co-manager have represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer to the public of any notes which are the subject of the offering contemplated by this offering memorandum as completed by the final terms in relation thereto to the public in that Relevant Member State (the "Securities") except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Securities to the public in that Relevant Member State:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant dealer or dealers nominated by us for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive; provided that no such offer of Securities shall require us, the initial purchasers nor the local co-managers, to publish a prospectus pursuant to Article 3 of the Prospectus Directive or a supplemental prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression "an offer to the public" in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and, the expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in each Relevant Member State.

The European Economic Area selling restriction is in addition to any other selling restrictions included in this offering memorandum.

## **Notice to Prospective Investors in the United Kingdom**

This offering memorandum is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “Financial Promotion Order”), (ii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc.”) of the Financial Promotion Order, or (iii) are outside the United Kingdom (all such persons together being referred to as “relevant persons”). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

The initial purchaser has represented and agreed, and each further initial purchaser appointed hereunder will be required to represent and agree, that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any notes in circumstances in which Section 21(1) of the FSMA does not apply to the Province; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any notes in, from or otherwise involving the United Kingdom.

## **Notice to Prospective Investors in Hong Kong**

This offering memorandum has not been approved by or registered with the Securities and Futures Commission of Hong Kong or the Registrar of Companies of Hong Kong. The notes will not be offered or sold in Hong Kong other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the bonds which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) has been issued or will be issued in Hong Kong or elsewhere other than with respect to securities which are or are intended to be disposed of only to persons outside of Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

## **Notice to Prospective Investors in Japan**

The notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the “FIEL”) and each initial purchaser has agreed that it has not offered or sold and will not offer or sell any notes, directly or indirectly, in Japan or to, or for the benefit of, any residents of Japan (which term as used herein, means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan.

## **Notice to Prospective Investors in Singapore**

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering memorandum and any other document or material in connection with the offering may not be circulated or distributed, nor may the notes be offered, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act (Chapter 289) (the “SFA”), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the notes are subscribed for under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, then securities, debentures and units of securities and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the notes under Section 275 except: (i) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA; (ii) where no consideration is given for the transfer; or (iii) by operation of law.

#### **Notice to Prospective Investors in Switzerland**

This offering memorandum is not intended to constitute an offer or solicitation to purchase or invest in the notes described herein. The notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this offering memorandum nor any other offering or marketing material relating to the notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations, and neither this offering memorandum nor any other offering or marketing material relating to the notes may be publicly distributed or otherwise made publicly available in Switzerland.

## **OFFICIAL STATEMENTS**

Information in this offering memorandum that is identified as being derived from a publication of Argentina, the Province or one of their respective agencies or instrumentalities relies on the authority of such publication as a public official document of Argentina or the Province, as the case may be. The Province has not independently verified the information in this offering memorandum that is identified as being derived from a publication of Argentina and makes no representation as to its accuracy or completeness.

## **VALIDITY OF THE NOTES**

The validity of the notes will be passed upon for the Province by Cleary Gottlieb Steen & Hamilton LLP, United States counsel to the Province and by Nicholson & Cano and the *Fiscal de Estado* (Attorney General) of the Province; and for the initial purchasers by Simpson Thacher & Bartlett LLP, United States counsel to the initial purchasers, and Bruchou, Fernández Madero & Lombardi, Argentine counsel to the initial purchasers.

As to all matters of Argentine and provincial law, Cleary Gottlieb Steen & Hamilton LLP may rely on the opinion of Nicholson & Cano and the *Fiscalde Estado* (Attorney General) of the Province, and Simpson Thacher & Bartlett LLP may rely upon the opinion of Bruchou, Fernández Madero & Lombardi. As to all matters of United States law, Nicholson & Cano and the Attorney General of the Province may rely on the opinion of Cleary Gottlieb Steen & Hamilton LLP, and Bruchou, Fernández Madero & Lombardi may rely on the opinion of Simpson Thacher & Bartlett LLP.

## GENERAL INFORMATION

### The Province

The Province has authorized the creation and issue of the notes pursuant to Law No. 13,543, Decree No. 1,777/16 dated July 25, 2016, Resolution of the Ministry of Economy of the Province No.677/16 dated October 17, 2016, and a Resolution of the Ministry of Economy of the Province to be issued on or before the issue date of the notes.

Except as disclosed in this offering memorandum, since December 31, 2015 there has been no material adverse change in the revenues or expenditures, or financial position, of the Province.

### Documents Relating to the Notes

Copies of the Indenture and the forms of the notes may be inspected free of charge during normal business hours on any day, except Saturdays, Sundays and public holidays in New York at the offices of the trustee.

### Notices

All notices regarding the notes will also be given by the Province by publication at least once in an authorized newspaper in the English language in the City of New York and in an authorized newspaper in the Spanish language in Argentina.

### Clearing

The notes have been accepted for clearance through DTC. The relevant trading information is set forth in the following table:

<u>Notes Offered</u>	<u>CUSIP Number</u>	<u>ISIN Number</u>
Rule 144A	74409A AA7	US74409AAA79
Regulation S	P84641 AB8	USP84641AB82



**ISSUER**

**The Government of the Province of Santa Fe**

3 de Febrero 2649  
Santa Fe, 3000  
Argentina

**TRUSTEE, PAYING AGENT, TRANSFER AGENT AND REGISTRAR**

**U.S. Bank National Association**

100 Wall Street, Suite 1600  
New York, NY 10005  
United States

**LEGAL ADVISORS**

*To the Province*

*As to U.S. federal and New York law:*

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*As to Argentine law:*

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de Santa Fe**

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**Nicholson & Cano**

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*To the Initial Purchasers*

*As to U.S. federal and New York law:*

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*As to Argentine law:*

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C1001AFA Buenos Aires  
Argentina



**The Province of Santa Fe**  
*(A Province of Argentina)*

**U.S.\$250,000,000**  
**6.900% Notes Due 2027**

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**OFFERING MEMORANDUM**

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*Global Coordinator and Joint Bookrunner*

**J.P. Morgan**

*Joint Bookrunners*

**Citigroup**

**HSBC**

*Local Manager*  
**Mercado Argentino de Valores**

*Local Financial Advisor*  
**Nuevo Banco de Santa Fe**

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**October 25, 2016**

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