

**Rating Action: Moody's assigns Caa2 debt rating to the City of Buenos Aires'
Series 11 Notes**

Global Credit Research - 09 Feb 2015

New York, February 09, 2015 -- Moody's Investors Service has assigned Caa2 (global scale foreign currency) debt rating to Series 11 Senior Unsecured Notes to be issued by the City of Buenos Aires for up to USD890 million.

RATINGS RATIONALE

Series 11 Notes are to be offered under the City's Medium Term Note Program, which is currently limited to a maximum authorized amount of USD2,290 million. The notes --which will pay fixed interest rate and have a maturity of six years-- are direct, unconditional, unsecured and unsubordinated obligations of the city ranking at all times pari passu without any preference among themselves. The notes will amortize in three equal installments and will be subject to English Law.

With this new bond, the City of Buenos Aires intends to refinance outstanding Series 8 already issued under this program and maturing in April 2015. The proceeds of this new debt could also be used to fund investments in the health and education sectors of the City.

The assigned debt rating is equal to the City's Caa2 foreign currency debt rating and reflects our view of the credit quality of the City of Buenos Aires' within Argentina's erratic operating environment. The Caa2 rating assigned to the notes is one notch below the Argentine sovereign bond rating, reflecting the growing risk that sub-sovereigns face in accessing the foreign currency market to serve their international obligations.

After this transaction, Moody's anticipates that the ratio of total debt to total revenues of the City of Buenos Aires will rise to 29% from 28% estimated as of December 31, 2014, a relatively low level.

The assigned ratings are based on preliminary documentation received by Moody's as of the rating assignment date. Moody's does not expect changes to the documentation reviewed over this period nor anticipates changes in the main conditions that the notes will carry. Should issuance conditions, final terms and conditions or use of proceeds deviate from the tender offer terms submitted and reviewed by the rating agency, Moody's will assess the impact that these differences may have on the rating and act accordingly.

WHAT COULD CHANGE THE RATING UP/DOWN

Given the negative outlook on the issuer ratings, Moody's does not expect upward pressures in the City of Buenos Aires's ratings in the near to medium term. However, a change in Argentina's sovereign outlook back to stable could lead to a change in the outlook back to stable of the City of Buenos Aires. Conversely, a sharp deterioration of the City's financial results, coupled with higher debt levels could add downward pressure to the assigned ratings. The City of Buenos Aires could also be downgraded if the negative outlook on the sovereign rating materializes into a rating downgrade.

The principal methodology used in this rating was Regional and Local Governments published in January 2013. Please see the Credit Policy page on www.moody.com.ar for a copy of this methodology.

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