

**Rating Action: Moody's assigns B3 debt rating to the City of Buenos Aires's USD890 million Senior Unsecured Notes**

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Global Credit Research - 19 May 2016

New York, May 19, 2016 -- Moody's Investors Service has assigned a B3 (Global Scale foreign currency) rating to the Senior Unsecured Notes to be issued by the City of Buenos Aires for up to USD890 million under its Medium-Term Note Program. The ratings are in line with the City's long term foreign currency debt rating, which carry a stable outlook.

**RATINGS RATIONALE**

The proposed Notes issuance (will be Series 12 Notes) has been authorized by the City's Laws N° 5.014, 5.236 and 5.492. The City of Buenos Aires will use the proceeds of the Notes for two objectives. Firstly, it will offer to purchase up to USD390 million of outstanding principal of 9.95% Series 10 Notes due 2017 and if there were some remaining funds within that amount, they will be used to fund infrastructure works for the Ministries of Education and Health and to the acquisition of medical equipment. Secondly, the City will use an amount up to USD500 million to execute its general infrastructure plan for the current year.

The Notes, which constitute direct, general, unconditional and unsubordinated obligations of the City. They will be denominated and payable in US dollars with an expected maturity of 10 years, amortization in three annual installments and will pay fixed interest rate on a semi-annual basis. The Notes will be subject to the English Law.

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 and/or final documentation of these Notes deviate from the original ones submitted and reviewed by the rating agency, Moody's will assess the impact that these differences may have on the ratings and act accordingly.

**WHAT COULD CHANGE THE RATING UP/DOWN**

Given the strong macroeconomic and financial linkages between the Government of Argentina's and Sub-sovereigns economic and financial ratings, and upgrade of Argentina's sovereign bonds ratings and/or the improvement of the country's operating environment could lead to an upgrade of the City of Buenos Aires ratings. Conversely, a downgrade in Argentina's bond ratings and/or further systemic deterioration or idiosyncratic risks arising in the City of Buenos Aires --such as a rapid increase in the debt to total revenues ratio of the City-- could exert downward pressure on the ratings assigned and could translate in to a downgrade in the near to medium term.

The principal methodology used in this rating was Regional and Local Governments published in January 2013. Please see the Ratings Methodologies page on [www.moodys.com](http://www.moodys.com) for a copy of this methodology.

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