



PROVINCE OF BUENOS AIRES

Investor Presentation

September 2010

Agenda & Provincial Officers

- Introduction to the Province of Buenos Aires
- Economic and Social Developments
- Fiscal Situation
- Public Debt
- Conclusions

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Introduction to the Province of Buenos Aires

Provincial Highlights

- The Province of Buenos Aires (PBA) is the largest province in Argentina which accounts for **36% of the Argentine GDP**, represents **38% of the population**, generates **33% of Argentine exports** and produces **50% of Argentine manufacturing activity**
- For the last 5 years PBA has been the beneficiary of positive Argentine economic conditions showing an **improvement in its main economic and social indicators** (falling unemployment and poverty levels)
- PBA's debt has remained stable for the last 5 years with an average level of USD11.3 billion. **Debt/GDP and Debt/Revenues ratios have declined, representing 11% of GDP and 87% of total revenues in 2009**
- **The structure of PBA's debt has also improved**, currently 59% of the total debt is denominated in pesos, 88% of the debt is at a fixed rate and 57% is owed to the Federal Government
- **PBA recently refinanced almost 100% of the debt with the Federal Government**, obtaining a **USD1 bn reduction of its total debt**, monthly amortizations from 2011 to 2030 and a fixed interest rate of 6% in Pesos

*PBA is Largely the Most Important Province in Argentina**

	PBA	% Argentina	Rank
Area	307,571 Km ²	11%	1
Population	15.2 million	38%	1
Exports	USD 18.2 billion	33%	1
GDP ⁽¹⁾	USD 109.3 billion	36%	1

(*) 2009 figures.

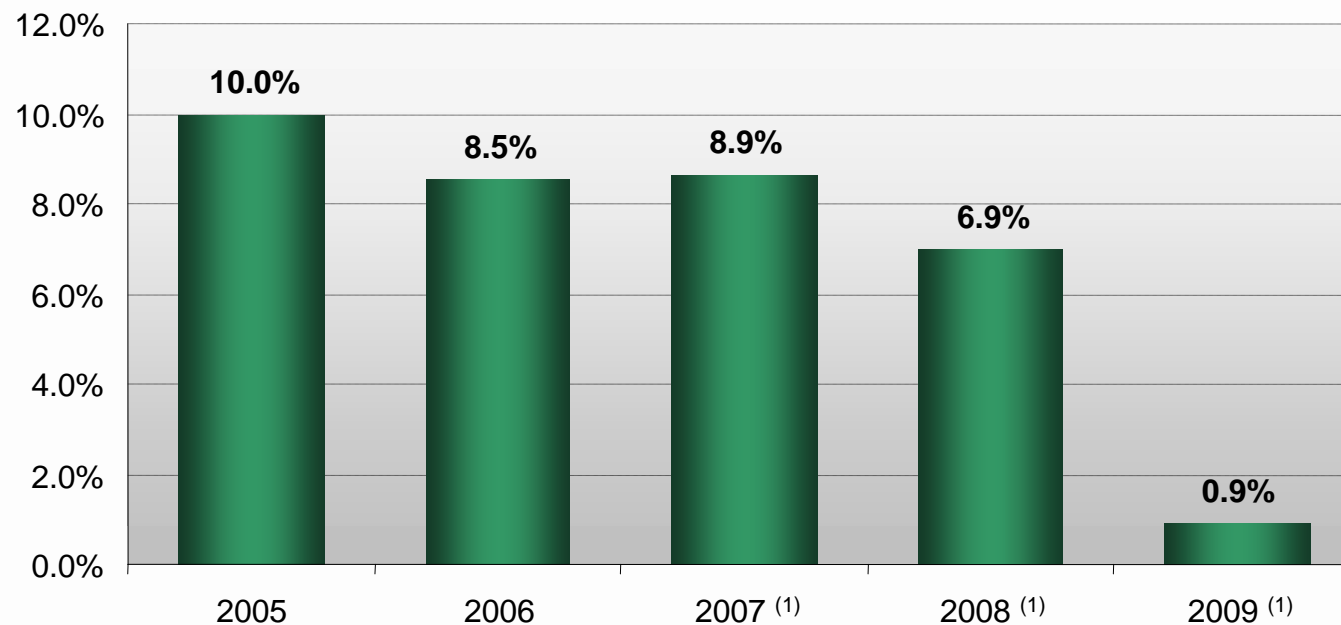
(1) Provincial Nominal GDP. Extrapolated data on the basis of growth rates of the national GDP.

Economic and Social Developments

GDP is Continuously Growing

Variation in Provincial Real GDP- in ARS

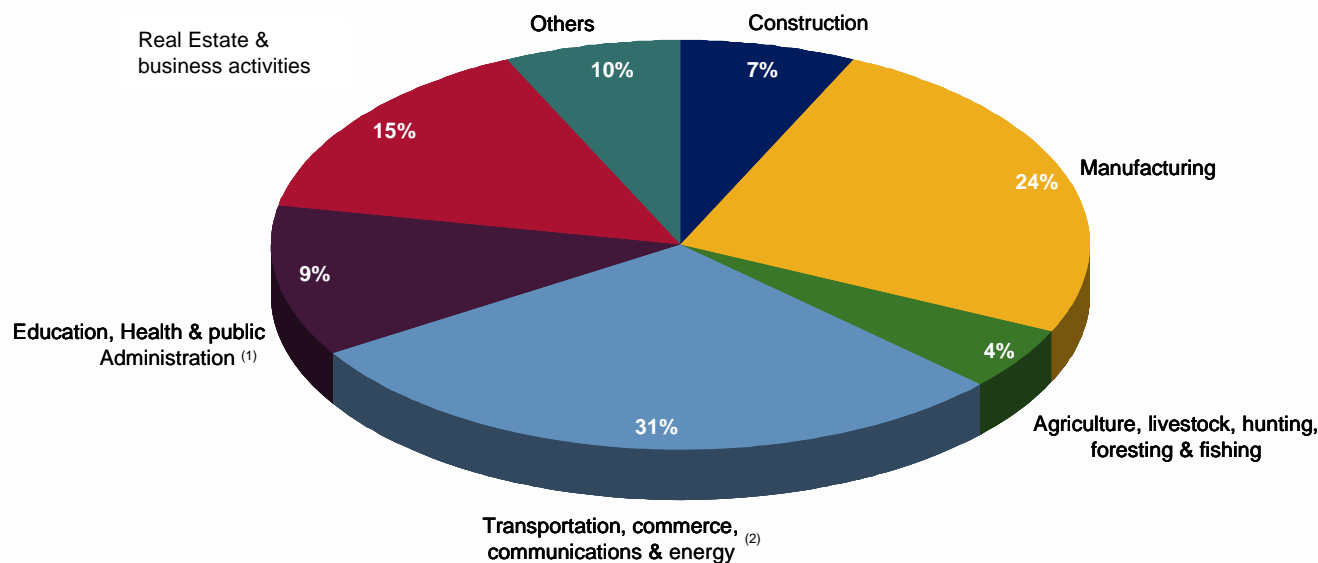
PBA's share of Argentina's GDP				
2005	2006	2007 ⁽¹⁾	2008 ⁽¹⁾	2009 ⁽¹⁾
35.5%	35.5%	35.6%	35.6%	35.6%



*....The
highest
contribution
to national
GDP among
all Argentine
Provinces*

(1) PBA figures were extrapolated based on national GDP growth rates.
Source: Ministry of Economy of the Province; Federal Ministry of Economy and Public Finances.

*PBA Has a Diversified Economy **



Almost 80% of the Provincial GDP is produced by 4 economic sectors:

- Transport, commerce, communications and energy
- Manufacturing
- Real Estate and other business services
- Education, Health and public Administration

PBA's manufacturing sector accounts for almost 50% of all the manufacturing industry in Argentina

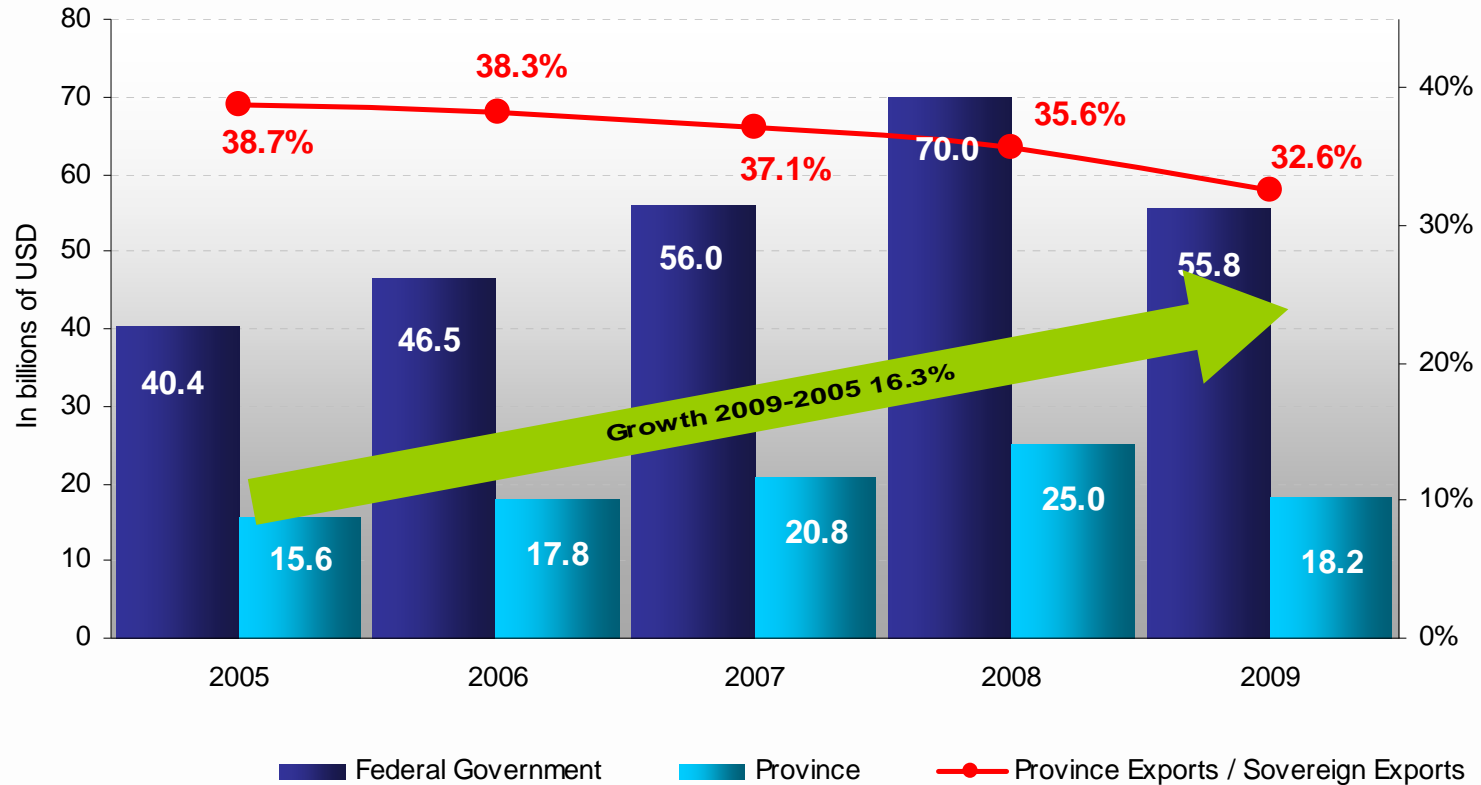
(*) 2009 figures were extrapolated based on national GDP growth rates.

(1) Includes "Public administration, defense and social security" and "Education, social and health services".

(2) Includes "Electricity, gas and water", "Transport, storage and communications" and "Retail and wholesale commerce".

Source: Provincial Office of Statistic; INDEC.

Strong Export Growth



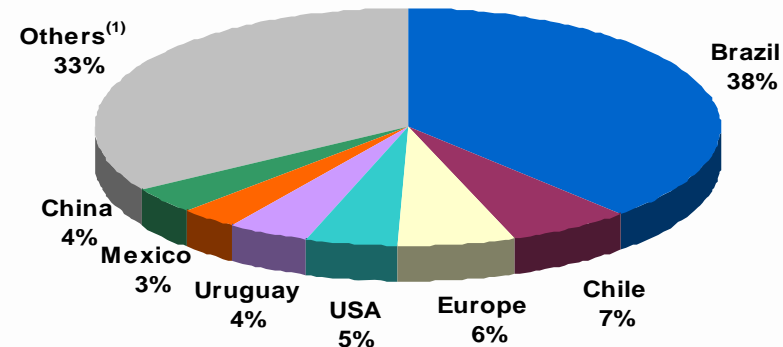
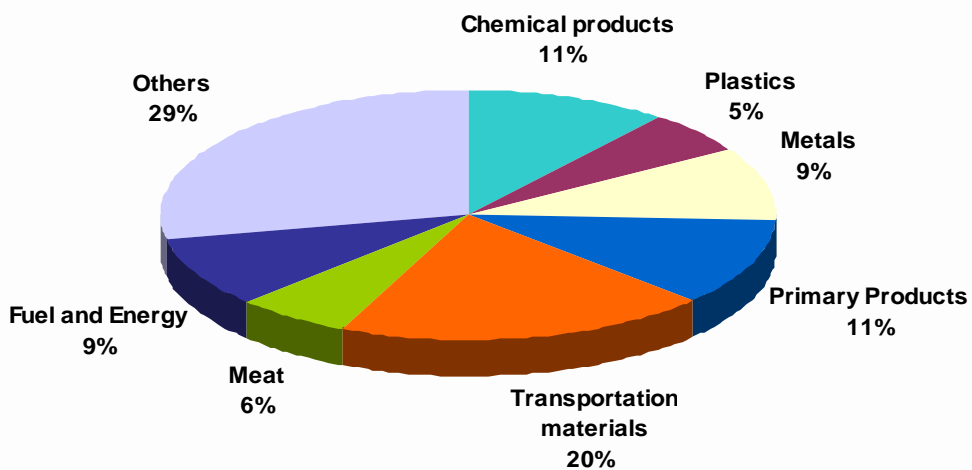
As of June 2010, Provincial Exports totalled USD 10.3 billion (+20% vs June 2009)

Source: INDEC.

Diversified Portfolio of Exports *

By Type

By Geography



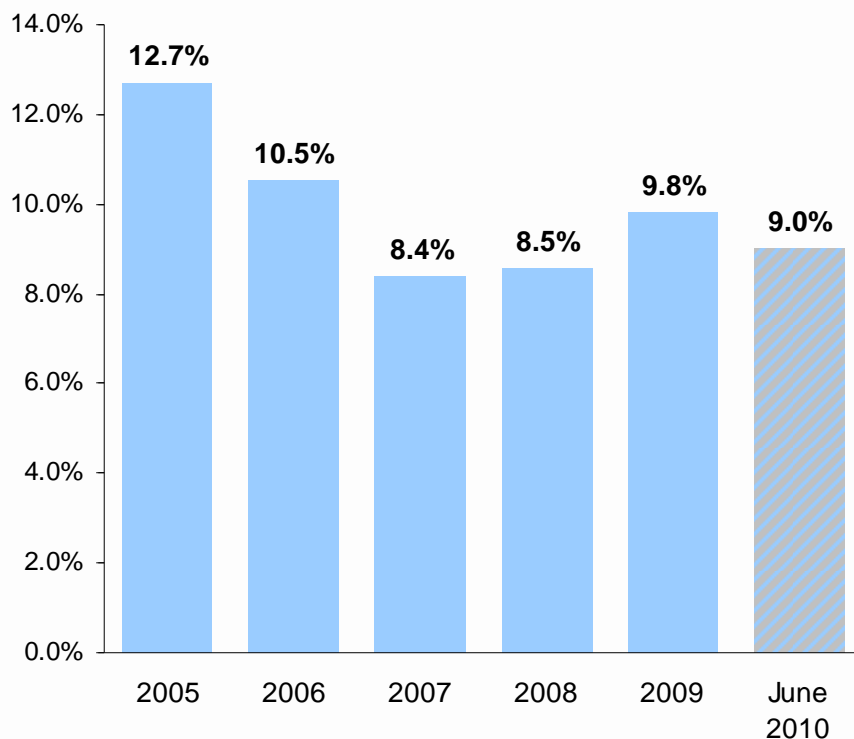
(*) 2009 figures.

(1) Includes: Venezuela, Paraguay, Colombia, Peru, Bolivia, Ecuador, Egypt, Russia, South Africa and others.

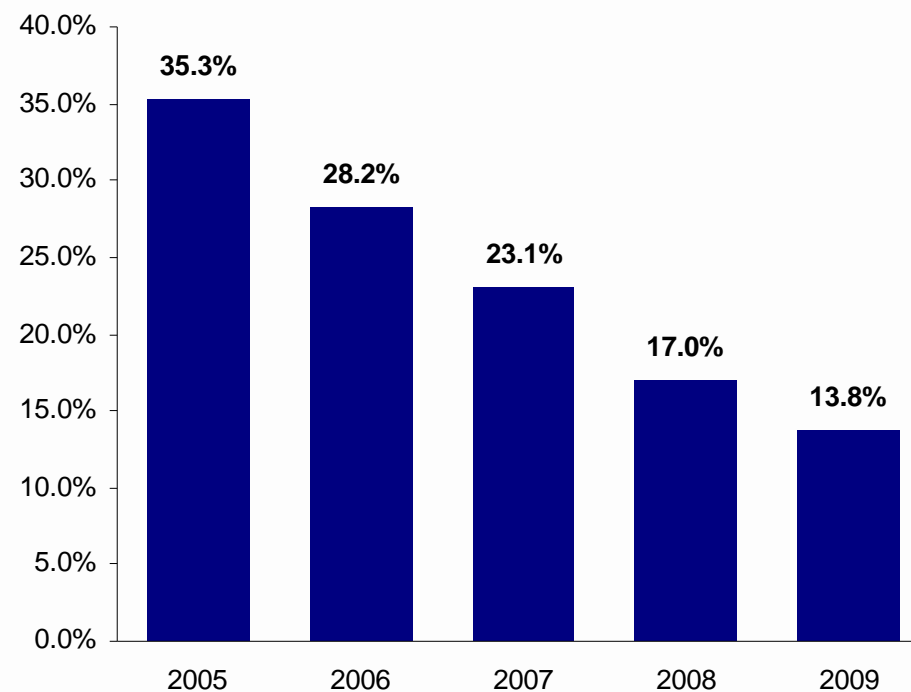
Source: INDEC.

Improving Labor and Social Indicators

Unemployment (%) ⁽¹⁾



Population below the Poverty Line (%) ⁽²⁾



- (1) Values correspond to the last quarter of each year, except for 2005 which corresponds to 2H and for 2010 which corresponds to 1H. Figures for the five main urban areas of the Province.
 (2) 2005, 2006, 2008 and 2009 values correspond to the second half of each year; 2007 values correspond to the 4Q2007 and 1Q2008. Figures for the five main urban areas of the Province.
 Figures as of June, 2010 are not available.

Source: INDEC.

Fiscal Situation

Fiscal Situation

- PBA's economic growth has improved the Province's tax collections to new records
- Unlike the majority of Argentine provinces, in PBA almost 60% of total tax revenues are self-generated tax revenues
- Almost 50% of total expenditures is allocated to the labor intensive areas of Education, Health Care and Social Assistance
- PBA's primary balance is expected to reflect a slight deficit this year

2008- 2009 Results and 2010 Budget

In millions of USD	2008	2009	2010 Budget	Variation 2010 Budget vs. 2009	
				Nominal	%
Total Revenues	13,752	14,242	15,310	1,068	7.5%
Provincial	8,932	9,331	10,177	846	9.1%
Federal	4,820	4,911	5,132	222	4.5%
Total Expenditures	14,376	15,407	16,350	943	6.1%
Current Expenditures	13,697	14,583	14,994	411	2.8%
Personnel	7,208	7,614	7,277	(337)	(4.4%)
Others	6,489	6,969	7,717	748	10.7%
Capital Expenditures	679	823	1,356	533	64.7%
Primary Balance	(624)	(1,165)	(1,040)	124	10.7%
Financial Result	(947)	(1,520)	(1,364)	156	10.3%
Exchange Rate ARS / USD ⁽¹⁾	3.161	3.730	3.950		

(1) ARS amounts for 2008 and 2009 have been converted into USD using the average rate published by the Central Bank. For the 2010 Budget the exchange rate of AR\$3.95 has been used as per 2010 Macro Fiscal Framework.

Source: Ministry of Economy of the Province.

June 2009- 2010 Results

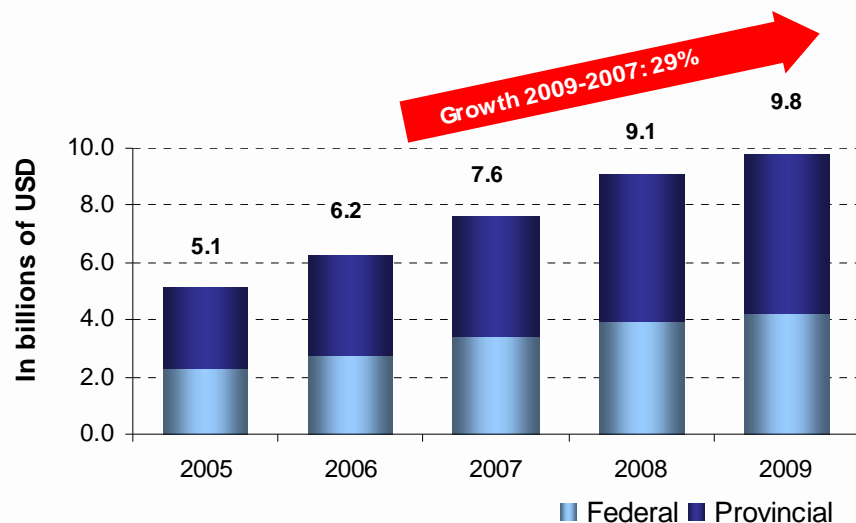
In millions of USD	June 2009	June 2010	Variation June 2010 vs. June 2009	
			Nominal	%
Total Revenues	6,726	7,775	1,048	15.6%
Provincial	4,228	4,705	478	11.3%
Federal	2,499	3,069	571	22.8%
Total Expenditures	7,347	8,125	777	10.6%
Current Expenditures	6,981	7,691	710	10.2%
Personnel	3,768	4,155	387	10.3%
Others	3,213	3,536	323	10.1%
Capital Expenditures	366	434	67	18.4%
Primary Balance	(621)	(350)	271	43.6%
Financial Result	(777)	(613)	164	21.1%
Exchange Rate ARS / USD ⁽¹⁾	3.635	3.870		

(1) ARS amounts for June 2009 and June 2010 have been converted into USD using the average rate published by the Central Bank.

Source: Ministry of Economy of the Province.

Tax Collection Evolution

Total Tax Revenues (1)

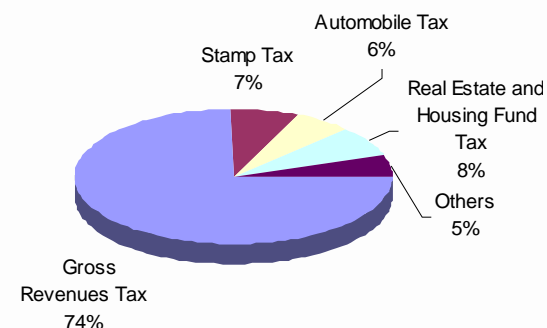


Considerable increase in **total tax revenues** since 2007 (29% accumulated growth)

During 2007-2009, the **provincial tax collection** has grown **34%** with the main changes in the following taxes:

- Gross revenues tax: 52%
- Automobile tax: 43%

Provincial Tax Collection as of June 2010

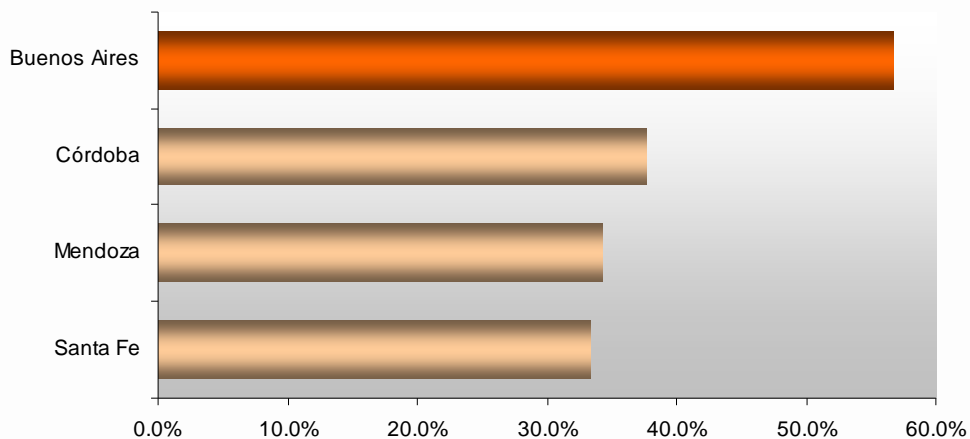


As of June 2010, the **provincial tax collection** totalled **USD 3.1 billion (+17% vs June 2009)**

(1) Includes Federal Tax Co-Participation, Other Federal Tax Transfers and Provincial Taxes.
Source: Ministry of Economy of the Province.

PBA Compares Favorably to Other Argentine Provinces

Self-generated Tax Revenues/ Total Tax Revenues



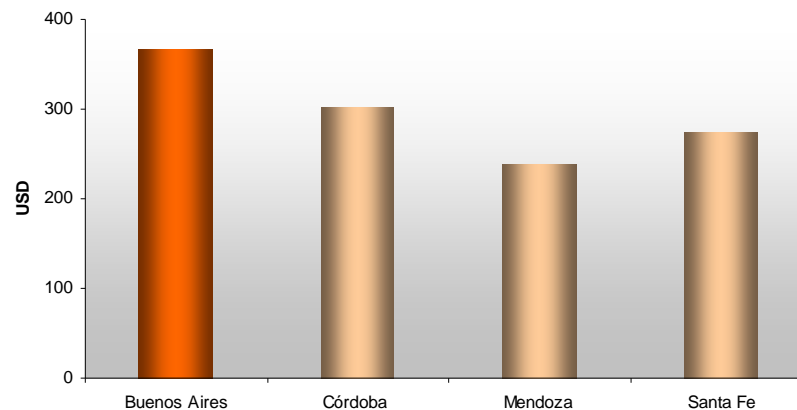
PBA has the highest level of **tax revenues per capita** among the most populated provinces in Argentina.

Source: Ministry of Economy of the Province and official data from the website of the other provinces.

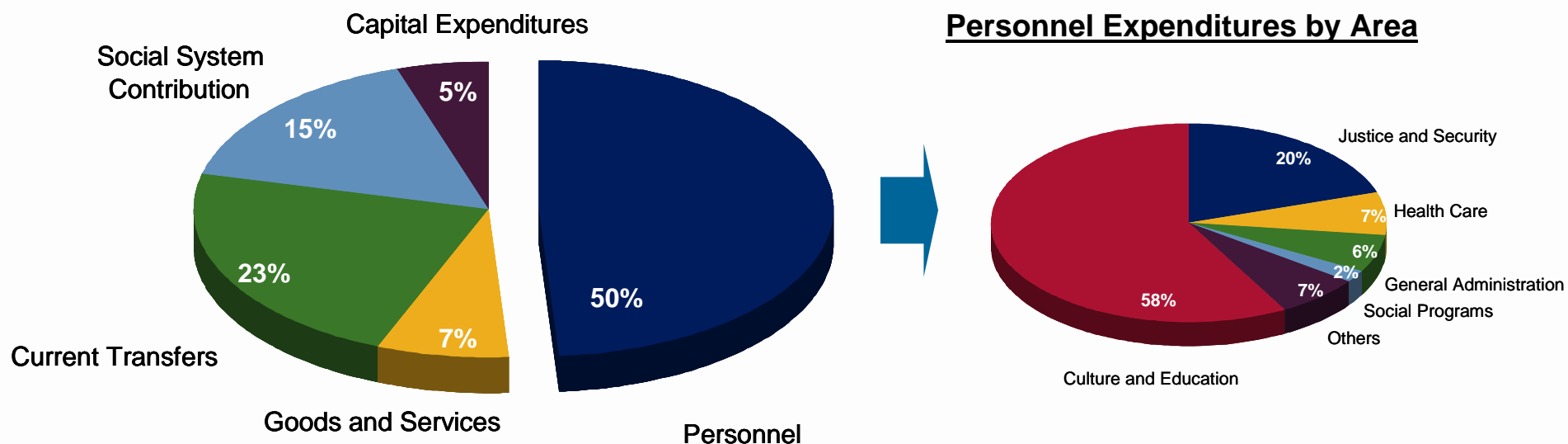
The strong performance of **tax revenue collections** provides PBA with a significant fiscal autonomy.

PBA's indicator is the highest among all Argentine provinces.

Provincial Taxes Per Capita



Expenditure Composition *

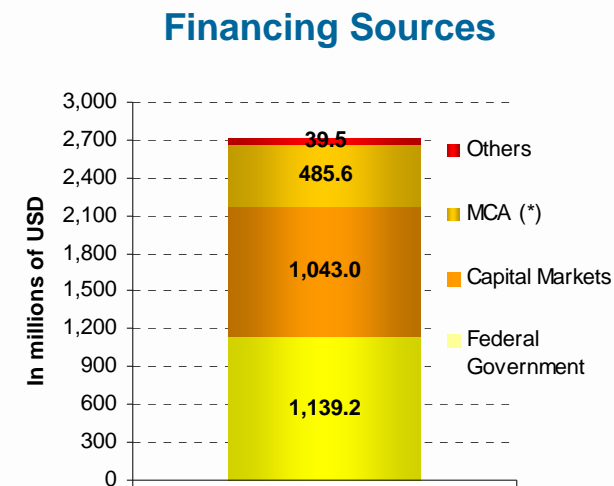
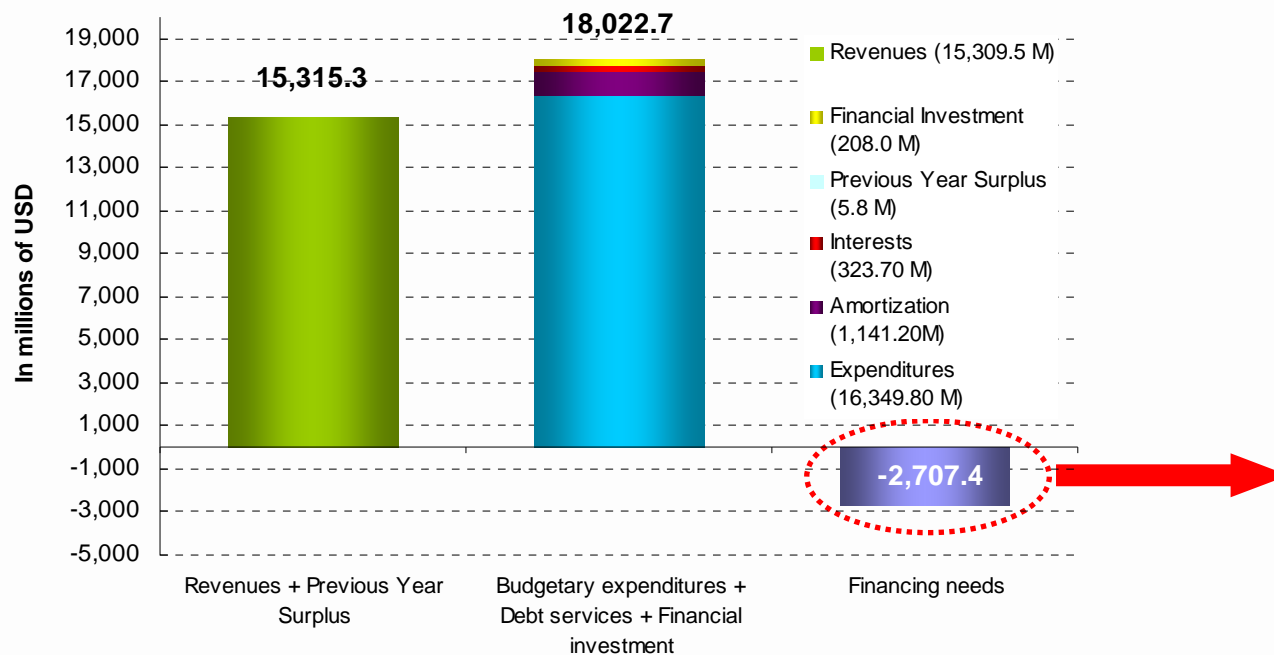


85% of the personnel expenditures are allocated to the Culture & Education, Health Care and Justice & Security areas

(*) 2009 figures

Source: Ministry of Economy of the Province

2010 Financing Program Budget



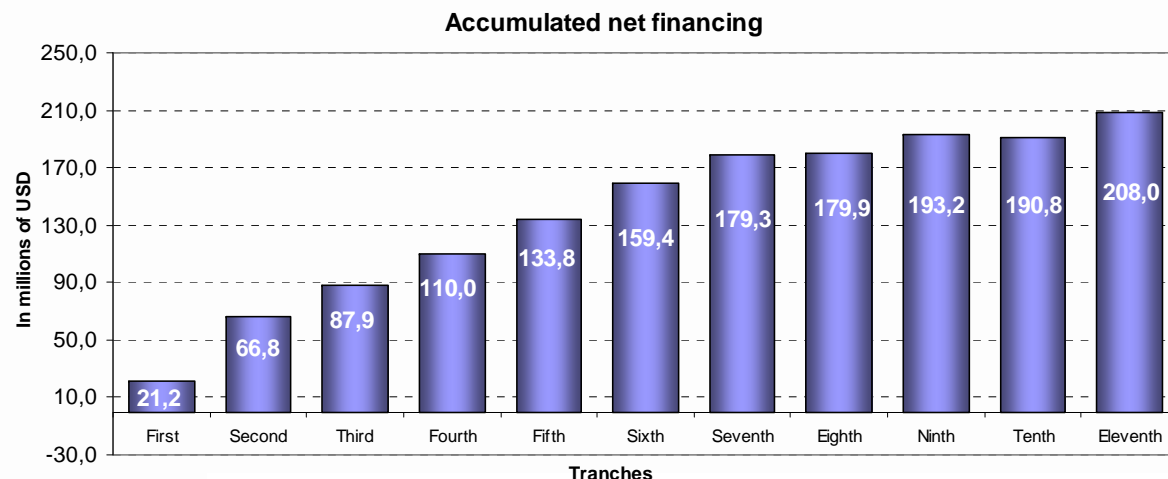
(*) Includes a swap operation with the World Bank.

Source: 2010 Macro Fiscal Framework. Ministry of Economy of the Province.

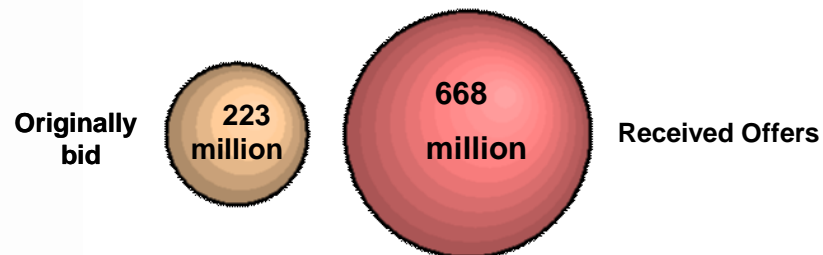
Financing in the Domestic Market

Treasury Bill Program (*)

- PBA started with this program in January, 2010
- Includes 16 tranches of which 11 have been issued up to date
- The level of acceptance has been very high, thus demonstrating investors' interest



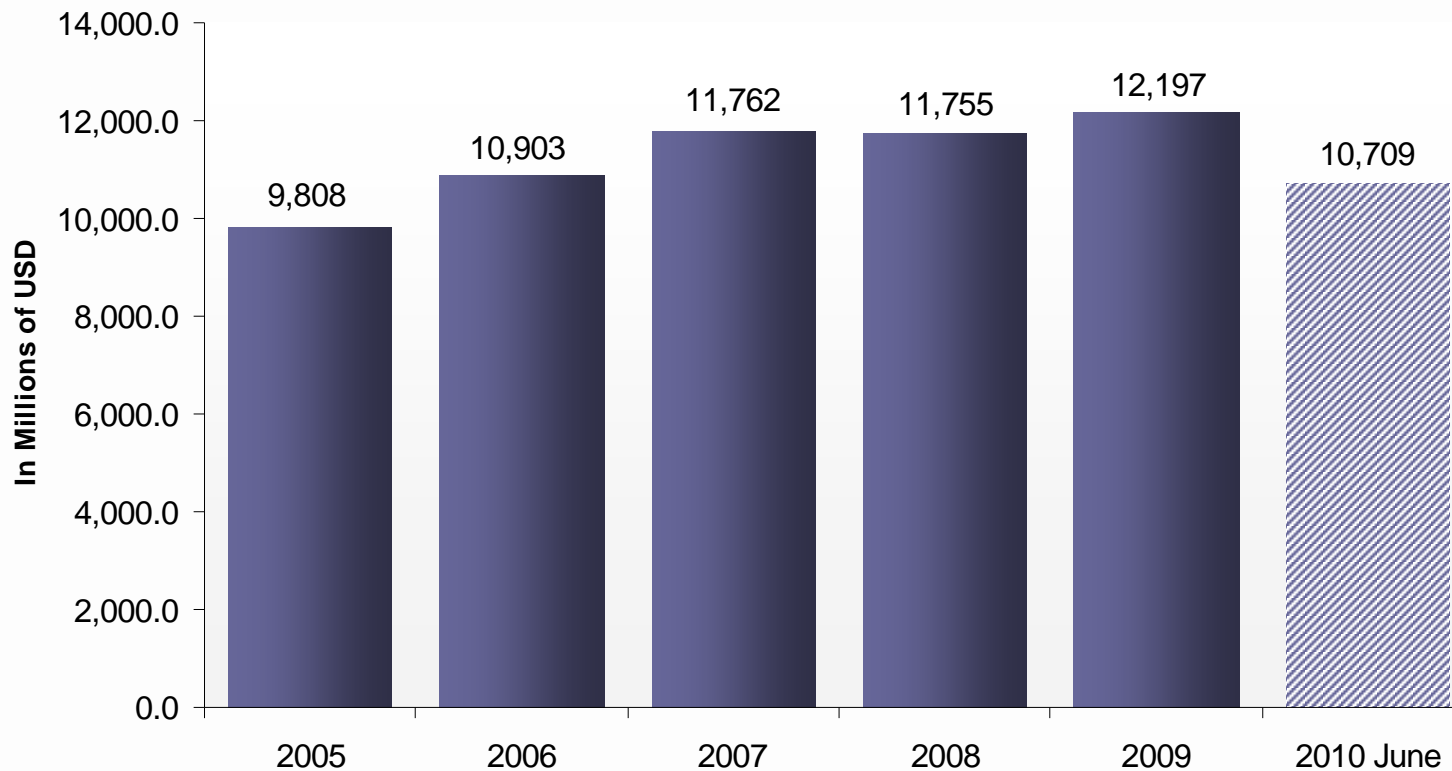
The T-bills were three times oversubscribed



(*) As of September 2, 2010, the exchange rate of ARS/USD 3.95 was used.
Source: Ministry of Economy of the Province of Buenos Aires

Public Debt

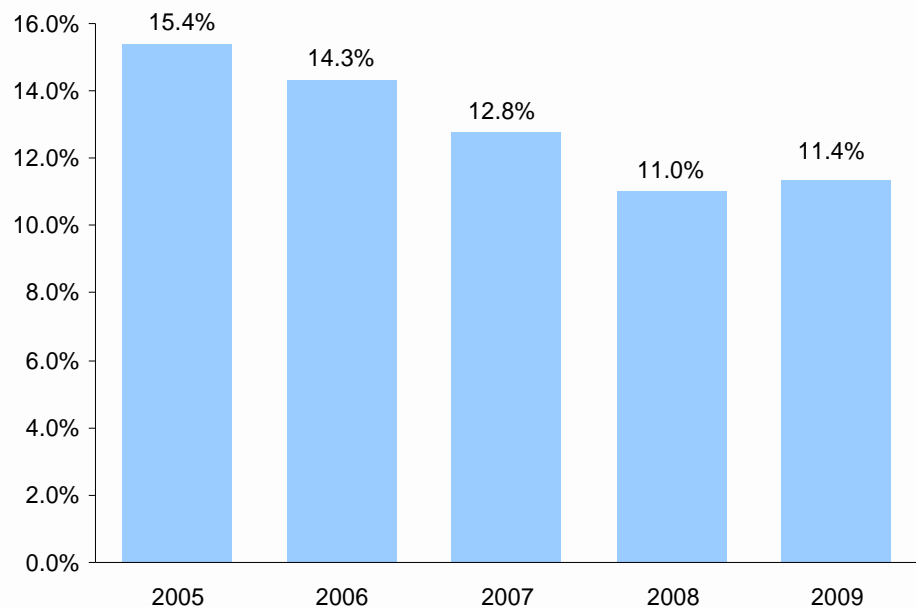
PBA'S Debt Evolution Has Been Very Stable



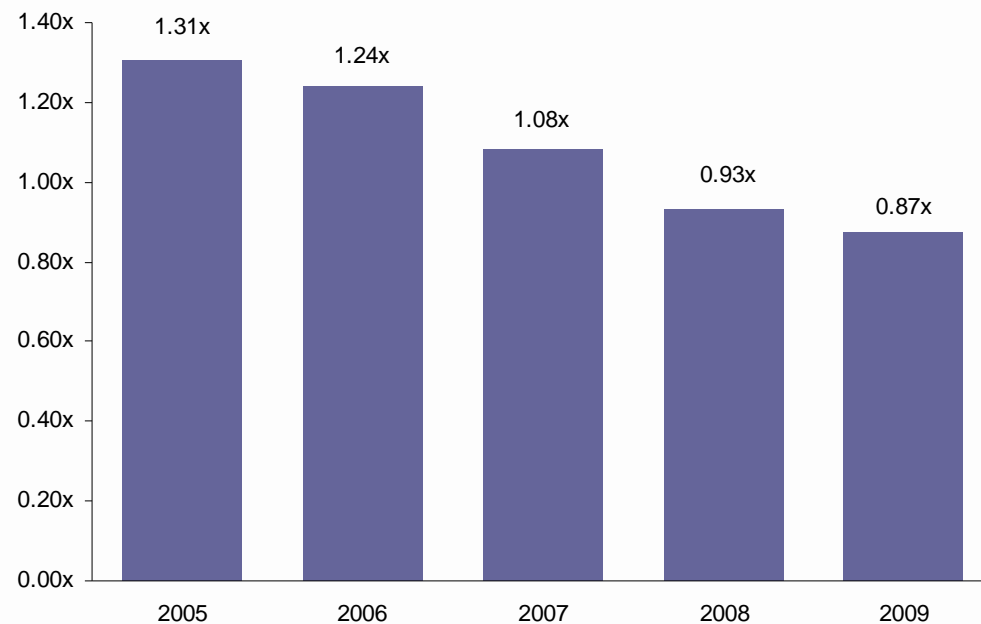
Source: Ministry of Economy of the Province

Generating Healthy Debt Ratios

Debt / GDP (%) ⁽¹⁾



Debt / Total Revenues (x) ⁽²⁾



(1) From 2005 to 2006 the GDP figures correspond to those published by Provincial Office of Statistics. Since 2007, GDP figures reflect estimates by Macroeconomic Research Unit of the Provincial Department of Fiscal Studies and Financial Programs.

(2) 2005-2009 includes Non-Financial Public Administration.

Source: Ministry of Economy of the Province.

The Federal Program for Provincial Debt Refinancing

Debt with the Federal Government ⁽¹⁾	USD
As of May 31, 2010	7.08 Bn
ATN ⁽²⁾	(1.04) Bn
New Debt with the Federal Government	6.04 Bn



15% reduction

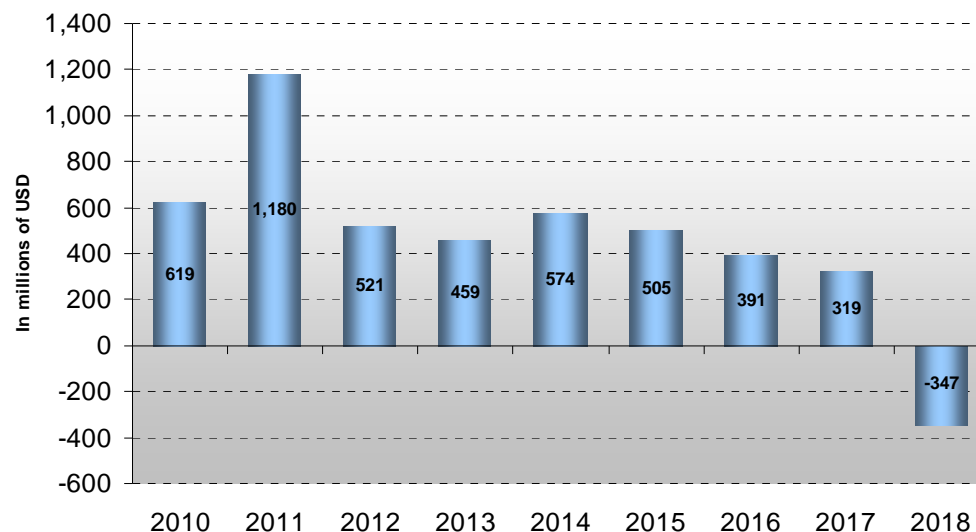
(1) Exchange rate as of May 31, 2010: ARS/USD 3.92

(2) *Aportes del Tesoro Nacional* (National Treasury Support)

Terms and conditions:

- **Grace Period: until December 2011**
- **Repayment: in 228 installments**
- **6% annual interest rate**
- **Denominated in ARS**

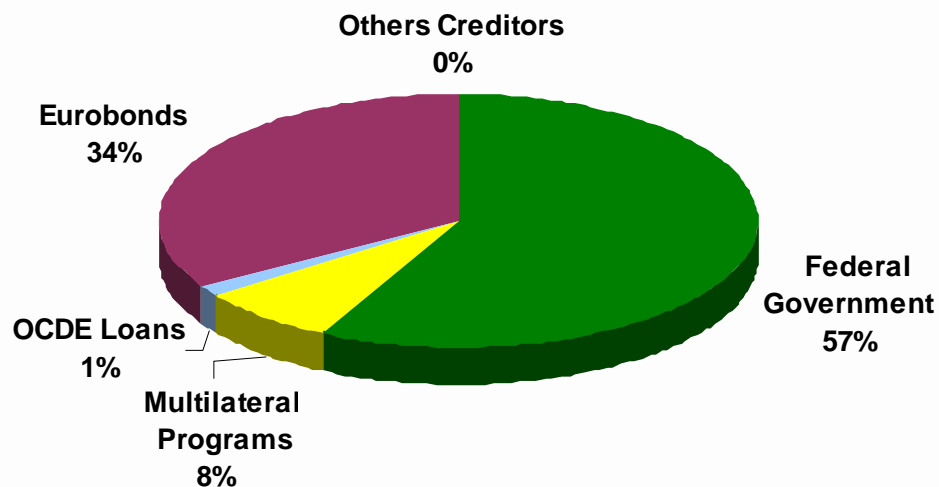
Debt service reduction



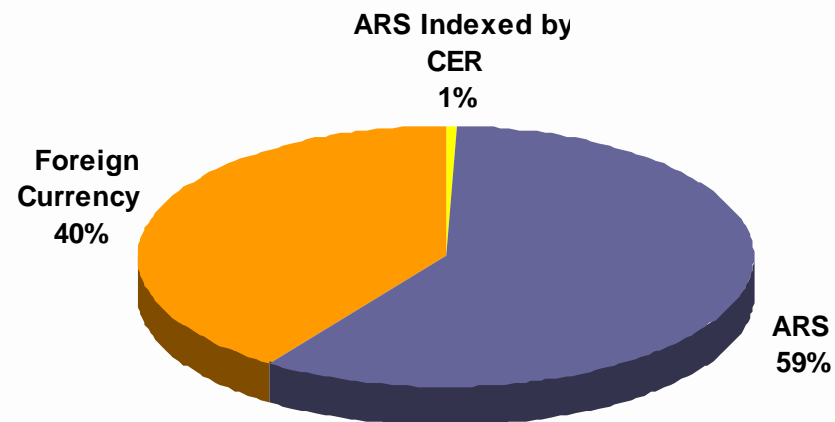
Debt Composition - After the Federal Program

USD 10,709 million as of June 30, 2010

By Creditor

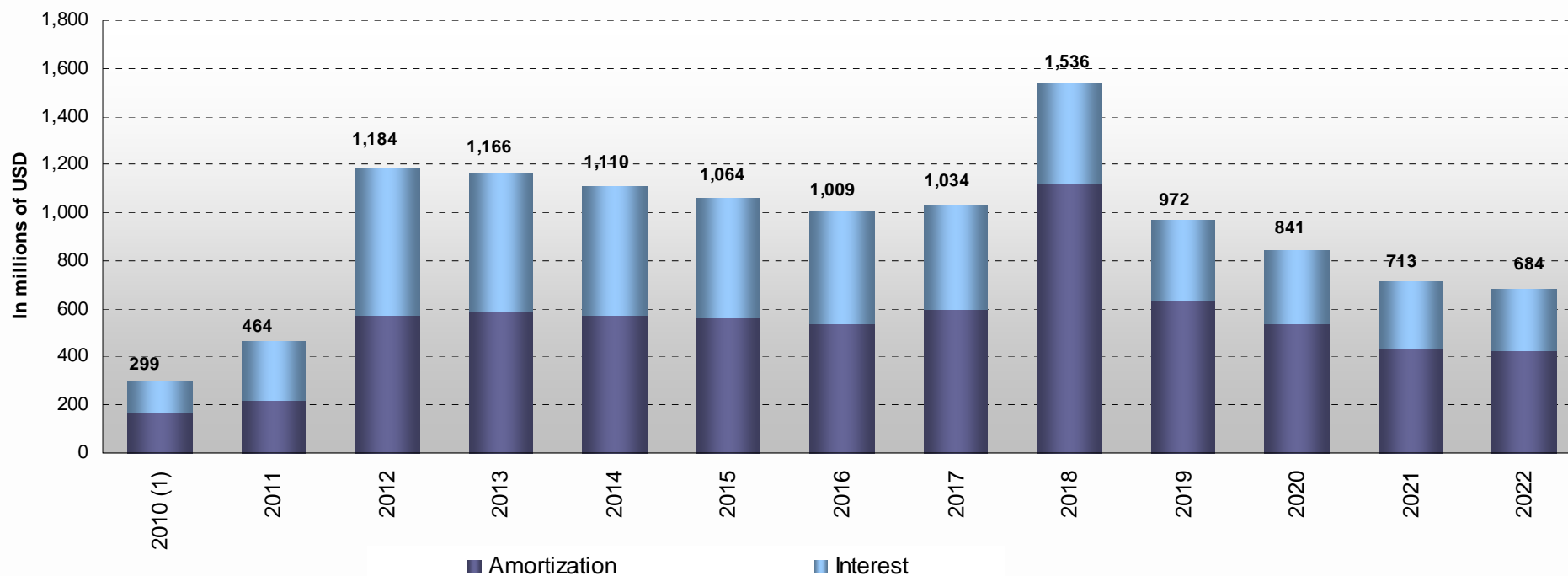


By Currency



Source: Ministry of Economy of the Province

PBA's Debt Profile *



(*) Calculated on the basis of the debt stock, exchange rate and interest rates as of June 30, 2010.

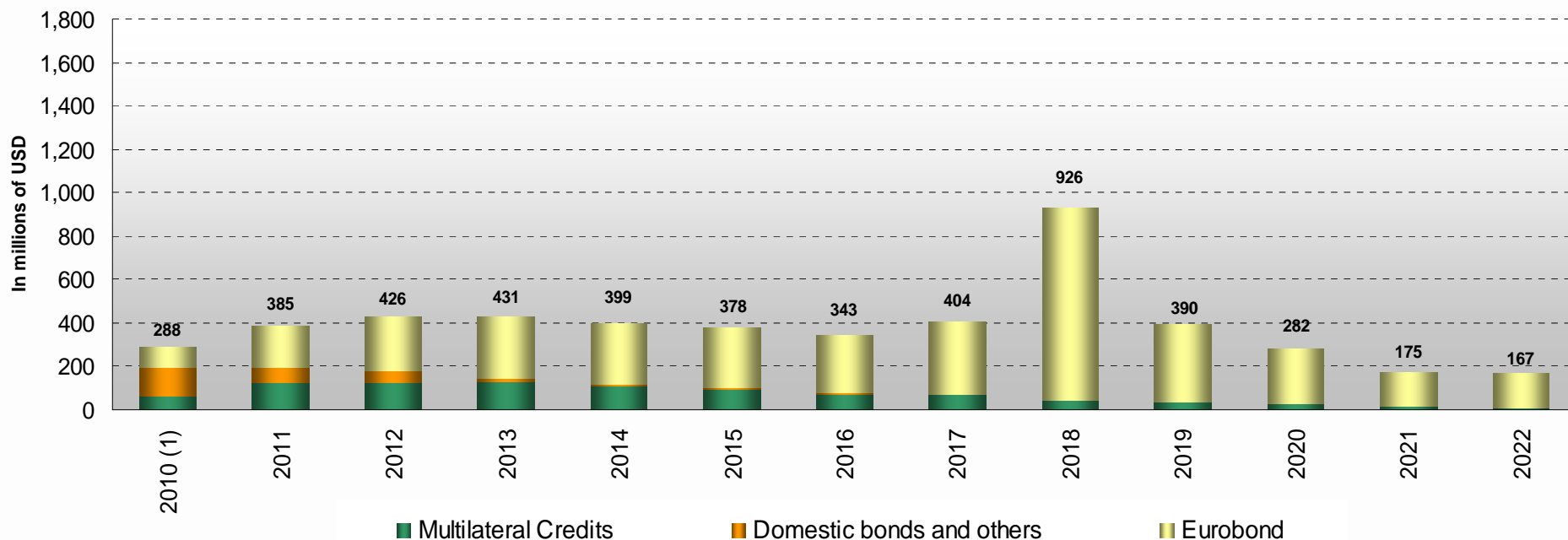
This data does not include any adjustment for inflation with respect to the debt denominated in CER-adjusted or ICC-adjusted pesos or any other debt.

(1) From July 1, 2010 through December 31, 2010

Source: Ministry of Economy of the Province.

Total Debt Service by Creditor *

Excluding the Federal Government



(*) Calculated on the basis of the debt stock, exchange rate and interest rates as of June 30, 2010.

This data does not include any adjustment for inflation with respect to the debt denominated in CER-adjusted or ICC-adjusted pesos or any other debt.

(1) From July 1, 2010 through December 31, 2010

Source: Ministry of Economy of the Province.

Political Environment

- In October 2007, Cristina Fernández de Kirchner and Daniel Scioli, both from the Partido Justicialista, were elected President of Argentina and Governor of the Province of Buenos Aires. Mrs. Fernandez was elected with over 45% of the votes and Mr. Scioli was elected with over 48% of the votes
- The next general elections will be held in October 2011 both for the Republic and for PBA
- Governor Scioli is aligned with and supported by President Fernández de Kirchner (the Federal Government is PBA's largest creditor and recently refinanced almost 100% of its debt with PBA)
- The polling group Ibarómetro⁽¹⁾ shows that Governor Daniel Scioli would receive 30.2% of the votes in an election, 15 points higher than the second potential candidate. Scioli's approval rating is currently of 52.3%

(1) 1200 people were polled in early September in the Province of Buenos Aires

Conclusions

- PBA is the most populated and largest province of Argentina, representing 36% of the Argentine GDP
- PBA has a diversified economy and does not depend on any economic activity enabling it to mitigate any economic volatility
- Tax collection grew significantly by 34% during 2007-2009
- Stable total debt with healthy credit ratios (11% Debt/GDP and 87% Debt/Revenues), and very aligned to PBA's inflows (59% of total debt denominated in pesos)
- The Government's debt refinancing program provided a USD1bn haircut and a debt roll-over until 2030. CER adjustment was eliminated and a 6% fixed rate in pesos was included
- The total PBA's debt under a fixed rate amounts to 88% and the debt held with the Federal Government fell to 57% of PBA's total debt

Thank you!

Ministry of Economy of the Province of Buenos Aires
www.ec.gba.gov.ar