

June 4, 2021



THE PROVINCE OF CHACO
(A Province of the Republic of Argentina)

The Province of Chaco Announces Commencement of Consent Solicitation

Chaco, Argentina. The Province of Chaco (the “**Province**”) announced today that it has commenced a solicitation of consents (the “**Consent Solicitation**”) from Eligible Holders (as defined below) to amend its 9.375% Notes due 2024 (the “**Notes**”) and the indenture governing the Notes (the “**Indenture**”). The Consent Solicitation is being made on the terms and subject to the conditions set forth in the consent solicitation statement dated June 4, 2021 (the “**Consent Solicitation Statement**”).

On April 12, 2021, the Province reached an agreement in principle with an ad hoc group of bondholders represented by VR Advisory Services Ltd. (the “**Ad Hoc Bondholder Group**”), which according to the group, it holds approximately 50% of the Notes outstanding, pursuant to which the Ad Hoc Bondholder Group is expected to support the Province’s proposal to amend the Notes and the Indenture as set forth in the Consent Solicitation Statement by submitting their consents to the Proposed Amendments (as defined below).

If the Consent Solicitation is successfully consummated, the terms of the amended Notes are expected to provide the Province with significant debt service relief in the form of coupon reductions and maturity reprofiling.

The following table sets forth certain information relating to the Notes:

Series of Notes	ISIN	CUSIP	Principal Amount Outstanding	Minimum Denomination
9.375% Notes due 2024	Rule 144A: US157223AA64	Rule 144A: 157223 AA6	U.S.\$250,000,000	U.S.\$150,000 and multiples of U.S.\$1,000 in excess thereof
	Regulation S: USP2389CAA10	Regulation S: P2389C AA1		

Terms of the Consent Solicitation

If consents from Eligible Holders (as defined below) of more than 75% of the aggregate principal amount of outstanding Notes (the “**Requisite Consents**”) are obtained, the Supplemental Indenture (as defined below) is executed, and the other conditions to the effectiveness of the Proposed Amendments set forth in the Consent Solicitation Statement are satisfied or waived, where applicable, the Proposed Amendments will be binding on all holders of Notes whether or not they delivered a consent. In this event, the economic terms of such holder’s modified Notes will differ significantly from the economic terms of its Notes prior to the effectiveness of the Proposed Amendments.

If the Requisite Consents are obtained by the Expiration Time (as defined below), we expect that a supplemental indenture to the Indenture (the “**Supplemental Indenture**”) will be executed, and that the Proposed Amendments will become effective and operative as soon as practicable after the Expiration Time (such date, the “**Settlement Date**”). Pursuant to the Consent

Solicitation Statement, by submitting their consents, Eligible Holders will authorize and direct the trustee for the Notes (the “Trustee”) to execute the Supplemental Indenture and to take all necessary actions to give effect to the Proposed Amendments.

The Consent Solicitation will expire at 5:00 p.m. (New York City time) on June 23, 2021, unless extended or earlier terminated by the Province in its sole discretion (the “Expiration Time”). Consents may not be revoked at any time except in the limited circumstances described in the Consent Solicitation Statement.

The Province reserves the right in its sole discretion to extend or amend the Consent Solicitation, and to reject any and all consents with respect to any Notes.

Consent Consideration

Eligible Holders who validly deliver a consent on or prior to the Expiration Time will be eligible to receive as consent consideration a pro rata share of the aggregate amount of accrued and unpaid interest on all Outstanding Notes from February 18, 2020 to, but excluding, the Settlement Date (the “**Consent Consideration**”), of which (i) 60% will be paid in cash (“**Cash Consent Consideration**”) subject to the deduction of the Transaction Expenses (as defined below) with Eligible Holders that deliver their consents being deemed to consent to such deduction, and (ii) 40% will be paid by the issuance and delivery of additional Notes (as amended by the Supplemental Indenture), which may be subject to rounding as set forth in “*The Consent Solicitation—Consent Consideration*”, through the addition of such additional Notes to the principal amount of Notes in respect of which consents have been validly delivered and accepted (the “**Aggregated PIK**”).

The Consent Consideration will be allocated pro rata among consenting Eligible Holders only based on the total principal amount of Notes as to which consents have been validly delivered and accepted. The Consent Consideration will be payable on the Settlement Date to each Eligible Holder whose validly delivered consent is accepted pursuant to this Consent Solicitation Statement and only if the Supplemental Indenture is executed. No Consent Consideration will be paid if (i) the Consent Solicitation is terminated, withdrawn or otherwise not consummated, (ii) the Requisite Consents are not obtained, or (iii) the Proposed Amendments do not otherwise become effective with respect to the Notes.

By delivering their consents on or prior to the Expiration Time, Eligible Holders will be deemed to have instructed the Province to apply on the Settlement Date an amount of U.S.\$200,000 from the Cash Consent Consideration to cover certain customary fees and costs of the Ad Hoc Bondholder Group and its members relating to or in connection with the Consent Solicitation (the “**Transaction Expenses**”). For the avoidance of doubt, the Transaction Expenses will be deducted on a pro rata basis from the Cash Consent Consideration to be received by each Eligible Holder whose consent is delivered at or prior to the Expiration Time and accepted by the Province pursuant to this Consent Solicitation Statement.

Summary of the Proposed Amendments

If the Requisite Consents are obtained, the Supplemental Indenture is executed, and the other conditions set forth in the Consent Solicitation Statement are satisfied or waived, where applicable, the terms of the Indenture and the Notes will be amended to give effect to the modifications summarized below (the “**Proposed Amendments**”):

- (i) extend the maturity date of the Notes until February 18, 2028;
- (ii) irrevocably waive the right to receive any accrued and unpaid interest and any default interest thereon through and excluding the Settlement Date, and thereafter the Province shall agree to pay interest semi-annually in arrears on February 18 and August 18 of each year, commencing on August 18, 2021, with interest accruing from the Settlement Date;
- (iii) amend the interest rates payable on the Notes as follows:
 - a. for the period from and including the Settlement Date to but excluding February 18, 2022, the interest rate on the Notes will be 3.50% per annum;
 - b. for the period from and including February 18, 2022 to but excluding February 18, 2023, the interest rate on the Notes will be 4.75% per annum;
 - c. for the period from and including February 18, 2023 to but excluding February 18, 2024, the interest rate on the Notes will be 6.50% per annum; and

- d. for the period from and including February 18, 2024 to but excluding February 18, 2028, the interest rate on the Notes will be 8.25% per annum;
- (iv) amend the amortization schedule of the Notes to nine equal semi-annual installments as follows, expressed as a percentage of the aggregate outstanding principal amount of the Notes on the Settlement Date, including the Aggregated PIK payable as Consent Consideration:

Payment Date	Principal Amount Payable
February 18, 2024	11.12%
August 18, 2024	11.11%
February 18, 2025	11.11%
August 18, 2025	11.11%
February 18, 2026	11.11%
August 18, 2026	11.11%
February 18, 2027	11.11%
August 18, 2027	11.11%
February 18, 2028	11.11%

- (v) amend the minimum denominations of the Notes from U.S.\$150,000 and multiples of U.S.\$1,000 in excess thereof, to U.S.\$150,000 and multiples of U.S.\$1.00 in excess thereof;
- (vi) amend the Indenture and the Notes to provide that, with respect to the right of any Holder to pursue a remedy under the Indenture or the Notes, the Province acknowledges the right of any beneficial holder of the Notes to pursue such remedy with respect to the portion of the relevant global security that represents such beneficial holder's securities as if certificated securities had been issued to such beneficial holder;
- (vii) amend the definition of "Reserve Matter Modification" in the Indenture to include the following modifications within the scope of the same:
- a. increasing the percentage of the aggregate principal amount then outstanding required to be held by holders to declare the debt securities of such series due and payable immediately, or reducing the percentage of the aggregate principal amount then outstanding required to be held by holders to waive any existing defaults or rescind or annul any notice of acceleration and its consequences;
 - b. amending the provisions of the Indenture or any series of Debt Securities that govern the re-designation of series of debt securities in the context of a reserve matter modification; and
 - c. amending the provisions of the Indenture or any series of Debt Securities that govern the restrictions on the Province's ability to conduct a reserve matter modification with single aggregated voting following a reserve matter modification with two-tier voting or a restructuring exchange offer;
- (viii) irrevocably waive any requirements to publish notices to the Holders in leading newspapers pursuant to Paragraph 12 of the Notes in connection with the Consent Solicitation and the execution of the Supplemental Indenture, and amend the Notes to permanently eliminate such requirements with respect to the Notes;
- (ix) amend the Indenture to include provisions governing the re-designation of series subject to a reserved matter modification;
- (x) amend the Indenture to include provisions that govern the restrictions on the Province's ability to conduct a reserve matter modification with single aggregated voting following a reserve matter modification with two-tier voting or a restructuring exchange offer; and
- (xi) replace all references to "9.375% Notes due 2024" with "Step-Up Notes due 2028".

In addition to the Proposed Amendments, by delivering a consent, each Eligible Holder agrees with the Province to: (i) consent to the rescission and annulment of any acceleration of the Notes that may have occurred on or prior to the Settlement Date and otherwise waive the requirement that all payment defaults under the Notes shall have been cured, waived or otherwise remedied as a condition to any rescission or annulment of acceleration, (ii) instruct the Information and Tabulation Agent, on behalf of such Eligible Holder, to provide written certification to us and the Trustee of the aggregate principal amount of Notes for which consents have been received containing the consent of the Eligible Holders to the rescission and annulment of such acceleration, (iii) waive any default or Event of Default that may have occurred under the Indenture and the Notes on or prior to the Settlement Date, including without limitation, any default or Event of Default in connection with the Province's failure to pay interest under the Indenture and the Notes, and (iv) waive and release the Province from any and all claims such Eligible Holder may have now or in the future arising out of any such acceleration, defaults or Events of Default, as applicable, arising or occurring on or prior to the Settlement Date and acknowledge and agree that any such acceleration, defaults or Events of Default shall be deemed rescinded, annulled and cured, as applicable, upon the effectiveness of the Proposed Amendments and consummation of the Consent Solicitation.

For further information regarding the Consent Solicitation and the Proposed Amendments, Eligible Holders should read the Consent Solicitation Statement.

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The Province will make (or cause to be made) all announcements regarding the Consent Solicitation by press release in accordance with applicable law. Copies of all such announcements will be available to Eligible Holders on <https://bonds.morrowsodali.com/chaco> (the "Consent Website").

The Province has engaged Deutsche Bank Securities Inc. and AdCap Securities Ltd. to act as solicitation agents for the Consent Solicitation (the "Solicitation Agents") and Morrow Sodali Ltd. is acting as the information and tabulation agent for the Consent Solicitation (the "Information and Tabulation Agent"). Any questions or requests for assistance regarding the Consent Solicitation may be directed to the Solicitation Agents, Deutsche Bank Securities Inc., at +1 (855) 287-1922 (toll-free) or +1 (212) 250-7527 (collect), and AdCap Securities Ltd., at +1 (646) 280 8732. Eligible Holders, or custodians for such holders, with questions or requests for assistance regarding the procedures related to the Consent Solicitation may contact the Information and Tabulation Agent at +1 (203) 609 4910 or chaco@investor.morrowsodali.com.

We have not registered and will not register the Consent Solicitation or the Notes under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or any state securities law. Consents are being solicited only from holders of the Notes that are: (1) "qualified institutional buyers" as defined in Rule 144A under the Securities Act ("QIBs") or (2) outside the United States in compliance with Regulation S under the Securities Act ("Regulation S") and who are "non-U.S. persons," and otherwise eligible to receive the Consent Solicitation Statement under the laws of their jurisdiction (each, an "Eligible Holder"). Only holders of Notes who have certified that they are within one of the categories described in the immediately preceding sentence via the Consent Website are authorized to receive and review the Consent Solicitation Statement and to participate in the Consent Solicitation.

This announcement is for informational purposes only and is not an invitation or a solicitation of consents from any holders of Notes. The Consent Solicitation is only being made pursuant to the Consent Solicitation Statement. Before making any decision with respect to delivering their consents, Eligible Holders should read the Consent Solicitation Statement. Eligible Holders, or custodians for such holders, may obtain a copy of the Consent Solicitation Statement by contacting the Information and Tabulation Agent or by downloading it, following registration, via the Consent Website.

Eligible Holders are advised to check with any bank, securities broker or other intermediary through which they hold Notes as to when such intermediary would need to receive instructions from such Eligible Holder in order for that Eligible Holder to be able to deliver their consent before the deadlines specified herein and in the Consent Solicitation Statement. The deadlines set by any such intermediary and The Depository Trust Company, Euroclear and Clearstream Banking for the delivery of consents will also be earlier than the relevant deadlines specified herein and in the Consent Solicitation Statement.

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NONE OF THE SOLICITATION AGENTS, THE TRUSTEE, THE INFORMATION AND TABULATION AGENT NOR ANY OF THEIR RESPECTIVE DIRECTORS, EMPLOYEES, AFFILIATES, AGENTS OR REPRESENTATIVES MAKES ANY RECOMMENDATION AS TO WHETHER ELIGIBLE HOLDERS SHOULD

DELIVER THEIR CONSENTS PURSUANT TO THE CONSENT SOLICITATION, AND NO ONE HAS BEEN AUTHORIZED BY ANY OF THEM TO MAKE SUCH A RECOMMENDATION. EACH ELIGIBLE HOLDER MUST MAKE ITS OWN DECISION AS TO WHETHER TO CONSENT TO THE PROPOSED AMENDMENTS.

The distribution of materials relating to the Consent Solicitation may be restricted by law in certain jurisdictions. The Consent Solicitation is void in all jurisdictions where it is prohibited. If materials relating to the Consent Solicitation come into your possession, you are required by the Province to inform yourself of and to observe all of these restrictions, including whether you are a Holder pursuant to the laws of your jurisdiction. The materials relating to the Consent Solicitation, including this communication, 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 Consent Solicitation be made by a licensed broker or agent and the Solicitation Agent or any affiliate of the Solicitation Agent is a licensed broker or agent in that jurisdiction, the Consent Solicitation shall be deemed to be made by the Solicitation Agent or such affiliate on behalf of the Province in that jurisdiction. This announcement shall not constitute an offer to sell or the solicitation of an offer to buy any securities nor will there be any sale of these securities in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or other jurisdiction.

Forward-Looking Statements

This announcement contains certain “forward-looking” statements within the meaning of Section 27A of the Securities Act, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. Such forward-looking statements are based on current plans, estimates and projection, and therefore you should not put undue reliance on them. These statements are not guarantees of future performance, involve inherent risks and uncertainties, and are based on numerous assumptions and that the Province’s actual results of operations, including our financial condition and liquidity, expenses, performance or the outcome of contingencies such as legal proceedings, may differ materially from those made in, or suggested by, the forward-looking statements. The Province undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

Notice to Holders In the United States

The Province is making this announcement in reliance on exemptions from the registration requirements of the Securities Act. These exemptions apply to offers and sales of securities that do not involve a public offering. The amended Notes have not been recommended by any U.S. or non-U.S. securities authorities, and these authorities have not determined that this announcement is accurate or complete. Any representation to the contrary is a criminal offense.