UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK

NML CAPITAL, Plaintiff, - against - THE REPUBLIC OF ARGENTINA, Defendant.	08 Civ. 6978 (TPG) 09 Civ. 1707 (TPG) 09 Civ. 1708 (TPG)
NML CAPITAL, Plaintiff, - against - THE REPUBLIC OF ARGENTINA, Defendant.	14 Civ. 8601 (TPG)
NML CAPITAL, Plaintiff, - against - THE REPUBLIC OF ARGENTINA, Defendant.	14 Civ. 8988 (TPG)

(captions continue on following pages)

DECLARATION OF UNDERSECRETARY OF FINANCE SANTIAGO BAUSILI IN SUPPORT OF THE REPUBLIC OF ARGENTINA'S MOTION, BY ORDER TO SHOW CAUSE, TO VACATE THE INJUNCTIONS ISSUED ON NOVEMBER 21, 2012, AND OCTOBER 30, 2015

FFI FUND, LTD. and FYI LTD., Plaintiffs, - against - THE REPUBLIC OF ARGENTINA, Defendant.	14 Civ. 8630 (TPG)
AURELIUS CAPITAL MASTER, LTD. and ACP MASTER, LTD., Plaintiffs, - against - THE REPUBLIC OF ARGENTINA, Defendant.	09 Civ. 8757 (TPG) 09 Civ. 10620 (TPG)
AURELIUS OPPORTUNITIES FUND II, LLC and AURELIUS CAPITAL MASTER, LTD., Plaintiffs, - against - THE REPUBLIC OF ARGENTINA, Defendant.	10 Civ. 1602 (TPG) 10 Civ. 3507 (TPG)

AURELIUS CAPITAL MASTER, LTD. and AURELIUS OPPORTUNITIES FUND II, LLC, Plaintiffs, - against - THE REPUBLIC OF ARGENTINA, Defendant.	10 Civ. 3970 (TPG) 10 Civ. 8339 (TPG)
BLUE ANGEL CAPITAL I LLC, Plaintiff, - against - THE REPUBLIC OF ARGENTINA, Defendant.	10 Civ. 4101 (TPG) 10 Civ. 4782 (TPG)
OLIFANT FUND, LTD., Plaintiff, - against - THE REPUBLIC OF ARGENTINA, Defendant.	10 Civ. 9587 (TPG)
PABLO ALBERTO VARELA, *et al.*, Plaintiffs, - against - THE REPUBLIC OF ARGENTINA, Defendant.	10 Civ. 5338 (TPG)

PEREZ, *et al.*, Plaintiffs, - against - THE REPUBLIC OF ARGENTINA, Defendant.	14 Civ. 8242 (TPG)
AURELIUS CAPITAL PARTNERS, LP, *et al.*, Plaintiffs, - against - THE REPUBLIC OF ARGENTINA, Defendant.	14 Civ. 8946 (TPG)
BLUE ANGEL CAPITAL I LLC, Plaintiff, - against - THE REPUBLIC OF ARGENTINA, Defendant.	14 Civ. 8947 (TPG)
EM LTD., Plaintiff, - against - THE REPUBLIC OF ARGENTINA, Defendant.	14 Civ. 8303 (TPG)

LIGHTWATER CORPORATION LIMITED, Plaintiff, - against - THE REPUBLIC OF ARGENTINA, Defendant.	14 Civ. 4092 (TPG)
OLD CASTLE HOLDINGS, LTD., Plaintiff, - against - THE REPUBLIC OF ARGENTINA, Defendant.	14 Civ. 4091 (TPG)
SETTIN, Plaintiff, - against - THE REPUBLIC OF ARGENTINA, Defendant.	14 Civ. 8739 (TPG)
CAPITAL VENTURES INTERNATIONAL, Plaintiff, - against - THE REPUBLIC OF ARGENTINA, Defendant.	14 Civ. 7258 (TPG)

ADAMI, *et al.*, Plaintiffs, - against - THE REPUBLIC OF ARGENTINA, Defendant.	14 Civ. 7739 (TPG)
CAPITAL MARKETS FINANCIAL SERVICES INC., *et al.*, Plaintiffs, - against - THE REPUBLIC OF ARGENTINA, Defendant.	15 Civ. 710 (TPG)
FOGLIA, *et al.*, Plaintiffs, - against - THE REPUBLIC OF ARGENTINA, Defendant.	14 Civ. 8243 (TPG)
PONS, *et al.*, Plaintiffs, - against - THE REPUBLIC OF ARGENTINA, Defendant.	13 Civ. 8887 (TPG)

GUIBELALDE, *et al.*, Plaintiffs, - against - THE REPUBLIC OF ARGENTINA, Defendant.	11 Civ. 4908 (TPG)
DORRA, *et al.*, Plaintiffs, - against - THE REPUBLIC OF ARGENTINA, Defendant.	14 Civ. 10141 (TPG)
BELOQUI, *et al.*, Plaintiffs, - against - THE REPUBLIC OF ARGENTINA, Defendant.	14 Civ. 5963 (TPG)
TORTUS CAPITAL MASTER FUND, LP, Plaintiff, - against - THE REPUBLIC OF ARGENTINA, Defendant.	14 Civ. 1109 (TPG)

TORTUS CAPITAL MASTER FUND, LP, Plaintiff, - against - THE REPUBLIC OF ARGENTINA, Defendant.	14 Civ. 3127 (TPG)
TRINITY INVESTMENTS LIMITED, Plaintiff, - against - THE REPUBLIC OF ARGENTINA, Defendant.	14 Civ. 10016 (TPG)
MONTREUX PARTNERS, L.P., Plaintiff, - against - THE REPUBLIC OF ARGENTINA, Defendant.	14 Civ. 7171 (TPG)
LOS ANGELES CAPITAL, Plaintiff, - against - THE REPUBLIC OF ARGENTINA, Defendant.	14 Civ. 7169 (TPG)

CORDOBA CAPITAL, Plaintiff, - against - THE REPUBLIC OF ARGENTINA, Defendant.	14 Civ. 7164 (TPG)
WILTON CAPITAL, LTD., Plaintiff, - against - THE REPUBLIC OF ARGENTINA, Defendant.	14 Civ. 7166 (TPG)
MCHA HOLDINGS, LLC, Plaintiff, - against - THE REPUBLIC OF ARGENTINA, Defendant.	14 Civ. 7637 (TPG)
MCHA HOLDINGS, LLC, Plaintiff, - against - THE REPUBLIC OF ARGENTINA, Defendant.	14 Civ. 10064 (TPG)

ANDRAREX LTD., Plaintiff, - against - THE REPUBLIC OF ARGENTINA, Defendant.	14 Civ. 9093 (TPG)
CLARIDAE, *et al.*, Plaintiffs, - against - THE REPUBLIC OF ARGENTINA, Defendant.	14 Civ. 10201 (TPG)
ARAG-A LIMITED, *et al.*, Plaintiffs, - against - THE REPUBLIC OF ARGENTINA, Defendant.	14 Civ. 9855 (TPG)
ATTESTOR MASTER VALUE FUND LP, Plaintiff, - against - THE REPUBLIC OF ARGENTINA, Defendant.	14 Civ. 5849 (TPG)

ANGULO, *et al.*, Plaintiffs, - against - THE REPUBLIC OF ARGENTINA, Defendant.	15 Civ. 1470 (TPG)
LAMBERTINI, *et al.*, Plaintiffs, - against - THE REPUBLIC OF ARGENTINA, Defendant.	15 Civ. 1471 (TPG)
HONERO FUND I, LLC, Plaintiff, - against - THE REPUBLIC OF ARGENTINA, Defendant.	15 Civ. 1553 (TPG)
TRINITY INVESTMENTS LIMITED, Plaintiff, - against - THE REPUBLIC OF ARGENTINA, Defendant.	15 Civ. 1588 (TPG)

BANCA ARNER S.A., *et al.*, Plaintiffs, - against - THE REPUBLIC OF ARGENTINA, Defendant.	15 Civ. 1508 (TPG)
TRINITY INVESTMENTS LIMITED, Plaintiff, - against - THE REPUBLIC OF ARGENTINA, Defendant.	15 Civ. 2611 (TPG)
TRINITY INVESTMENTS LIMITED, Plaintiff, - against - THE REPUBLIC OF ARGENTINA, Defendant.	15 Civ. 5886 (TPG)
MCHA HOLDINGS, LLC, Plaintiff, - against - THE REPUBLIC OF ARGENTINA, Defendant.	15 Civ. 2577 (TPG)

MCHA HOLDINGS, LLC, Plaintiff, - against - THE REPUBLIC OF ARGENTINA, Defendant.	15 Civ. 5190 (TPG)
ERCOLANI, *et al.*, Plaintiffs, - against - THE REPUBLIC OF ARGENTINA, Defendant.	15 Civ. 4654 (TPG)
FAZZOLARI, *et al.*, Plaintiffs, - against - THE REPUBLIC OF ARGENTINA, Defendant.	15 Civ. 3523 (TPG)
STONEHILL INSTITUTIONAL PARTNERS, L.P., *et al.*, Plaintiffs, - against - THE REPUBLIC OF ARGENTINA, Defendant.	15 Civ. 4284 (TPG)

WHITE HAWTHORNE, LLC, Plaintiff, - against - THE REPUBLIC OF ARGENTINA, Defendant.	15 Civ. 4767 (TPG)
VR GLOBAL PARTNERS, LP, Plaintiff, - against - THE REPUBLIC OF ARGENTINA, Defendant.	11 Civ. 8817 (TPG)
HONERO FUND I, LLC, Plaintiff, - against - THE REPUBLIC OF ARGENTINA, Defendant.	15 Civ. 6702 (TPG)
PROCELLA HOLDINGS, L.P., Plaintiff, - against - THE REPUBLIC OF ARGENTINA, Defendant.	15 Civ. 3932 (TPG)

BYBROOK CAPITAL MASTER FUND LP, *et al.*, Plaintiffs, - against - THE REPUBLIC OF ARGENTINA, Defendant.	15 Civ. 7367 (TPG)
BYBROOK CAPITAL MASTER FUND LP, *et al.*, Plaintiffs, - against - THE REPUBLIC OF ARGENTINA, Defendant.	15 Civ. 2369 (TPG)

DECLARATION OF UNDERSECRETARY OF FINANCE SANTIAGO BAUSILI IN SUPPORT OF THE REPUBLIC OF ARGENTINA'S MOTION, BY ORDER TO SHOW CAUSE, TO VACATE THE INJUNCTIONS ISSUED ON NOVEMBER 21, 2012, AND OCTOBER 30, 2015

Pursuant to 28 U.S.C. § 1746, Santiago Bausili declares as follows:

1. I am the Undersecretary of Finance of the Republic of Argentina (the "Republic").

2. I am familiar with the facts of this case and submit this declaration on behalf of the Republic and in support of its Motion, by Order to Show Cause, to Vacate the Injunctions Issued on November 21, 2012 and October 30, 2015, dated February 11, 2016.

3. On November 22, 2015, Mauricio Macri was elected President of Argentina. President Macri assumed office on December 10, 2015 and promptly appointed a new administration, including a new Minister of the Economy, Mr. Alfonso Prat-Gay, and a new

Secretary of Finance Mr. Luis A. Caputo. Minister Prat-Gay is a former president of the Central Bank of Argentina. The new administration is fully committed to carrying out responsible and economically beneficial policies for Argentina and is implementing a package of reforms, including cutting personal income taxes, eliminating most farm export taxes, respecting the independence of the Argentine central bank, and overhauling the Republic's statistics agency. The new administration is also committed to implementing immediate changes in other areas, including foreign policy where it is seeking to restore productive and serious relationships with the OECD as well as emerging market countries and normalize relations with the international financial community. A key part of this program is a strong commitment to resolving the long standing disputes with the holders of the Republic's defaulted debt. The Macri administration seeks to resolve these disputes through negotiations and settlements with its creditors. In addition to putting an end to the numerous litigations, the administration hopes and expects that its commitment to the resolution of these disputes will help to restore the Republic's access to global capital markets. All such settlements, however, are subject to the prior approval of the Congress of the Republic.

4. In furtherance of this policy, as soon as the Macri administration assumed office in December, senior members of the Government were immediately dispatched to New York to engage in discussions with Special Master Daniel A. Pollack as well as certain large holders of the Republic's defaulted debt. Since then, we have had many productive discussions with both Mr. Pollack and a substantial number of defaulted debt holders (or their legal counsel).

5. As has been publicly reported, on January 31, 2016, the Republic agreed in principle to settle the claims of approximately 50,000 Italian holders of defaulted debt. Those holders, whose principal claims total approximately $900 million, had initiated an arbitral

proceeding against the Republic in the International Centre for the Settlement of Investor Disputes ("ICSID") and also filed in this Court several "placeholder" actions that have been held in abeyance pending the outcome of that ICSID proceeding. If the proposed settlement with the Italian holders is consummated, those proceedings will be dismissed with prejudice.

6. As has also been publicly reported, on February 3, 2016, the Republic reached agreements in principle to settle the claims of EM Limited, which holds a judgment of approximately $725 million, and the Montreux plaintiffs, which hold judgments in the amount of approximately $412 million. Discussions with other creditors are ongoing.

7. Discussions with the Special Master and the Republic's creditors also have resulted in a comprehensive proposal of the Government's intention, upon receiving legislative authority, to settle the claims of all outstanding holders of any defaulted bonds. The Government believes the proposal is both fair to the Republic's creditors and consistent with the Republic's capacity to pay. Under the proposal, all holders of defaulted bonds will receive the full principal amount of the debt that they hold, plus certain amounts in respect of accrued interest (the "Standard Proposal"). Additionally, under the proposal, holders of defaulted bonds that are subject to the *pari passu* injunction issued by the U.S. District Court for the Southern District of New York may elect, in lieu of the Standard Proposal, to receive (i) with respect to any bonds as to which a monetary judgment has been rendered, 100% of the original amount of that monetary judgment less a discount of 27.5% or 30% depending upon when they execute the agreements in principle necessary to participate in the proposal, and (ii) with respect to any bonds as to which no monetary judgment has been rendered, the current accrued value of their claims less a discount of 27.5% or 30% also depending upon when they execute those agreements in principle. If all bondholders with *pari passu* injunctions were to accept the terms of the proposal it would

result in a total payment to them of approximately $6.5 billion against claims of approximately $9 billion.

8. The United States government has expressed public support for the settlement proposal. In a telephone conversation between Minister Prat-Gay and U.S. Treasury Secretary Jacob Lew on February 7, 2016, Secretary Lew commended the Republic's good faith efforts to resolve this dispute, expressing hope that all eligible creditors would reach settlements with the Republic.

9. The Proposal has been received positively in global markets, and since its announcement the market price of debt issued by the Republic has increased.

10. In accordance with Argentine law, the Proposal, and any agreement reached thereunder, must receive the prior approval by the Argentine Congress, which will next be in session beginning March 1, 2016. President Macri and the administration have already voiced their support for such action, will put their full support behind this effort and will strongly encourage the Argentine Congress to promptly grant the necessary approval. In conjunction with that request for Congressional approval, we also intend to prepare proposed legislation that would repeal Law 26,017 (the so-called Lock Law), as amended, as well as Law 26,984 (the so-called Sovereign Payment Law), which was enacted in 2014 and was the subject of this Court's Contempt Order, dated October 3, 2014.

11. The Proposal also is conditioned on this Court's vacatur of the *pari passu* injunctions entered in these actions. The existence of those injunctions has made it effectively impossible for the Republic to access the international capital markets. Therefore, without an order vacating the injunctions in each of the above captioned actions, it will be difficult for Argentina to raise funds with which to pay the settlements.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed on February [•], 2016, in Buenos Aires, Argentina.

Santiago Bausili

Buenos Aires
February 11, 2016