

## The Province of Neuquén Announces Commencement of Consent Solicitations

Neuquén, Argentina, August 10, 2020

The Province of Neuquén (the “**Province**”) announced today that it is seeking to modify the terms of approximately U.S.\$704.2 million of its external bonds (as listed in Table A below, the “**Eligible Bonds**”) and to that end it has commenced a solicitation of consents from eligible holders to amend each series of Eligible Bonds and their respective indentures (the “**Consent Solicitations**”). The terms and conditions of the Consent Solicitations are described in the consent solicitation statement dated August 10, 2020 with respect to the TICADE Securities (as defined in Table A) (the “**TICADE Consent Solicitation Statement**”) and in the consent solicitation statement dated August 10, 2020 with respect to the TIDENEU Notes (as defined in Table A) (the “**TIDENEU Consent Solicitation**” and, together with the TICADE Consent Solicitation Statement, the “**Consent Solicitation Statements**”).

On July 23, 2020, the Province announced that it had taken a number of actions designed to contain and reduce where possible its expenditures, and is developing a short and medium term set of measures required to address its economic and debt burden.

The Consent Solicitations constitute an important step in the process required to adjust the terms of the Province’s outstanding debt to its diminished payment capacity and lack of access to the international financial markets. The Province faces unprecedented economic challenges. The contraction of Argentina’s economy over practically 24 months has had a direct effect on the Province’s economy, resulting in a severe decline in federal and provincial fiscal revenues. Most recently, the outbreak of the COVID-19 pandemic crisis, is contributing to the significant deterioration of the Province’s fiscal results, as its revenues become rapidly insufficient to cover its expenditures related to essential services and programs. Importantly, the significant drop in the market price for the Province’s crude oil during the first quarter of 2020, which was only recently partially compensated by the Federal Government’s decision to provide a support price to oil producers, deepened the decline in the Province’s royalty revenues as exploration and extraction activities suffered a significant slowdown. All of the abovementioned factors have compromised severely the Province’s ability to meet its domestic and foreign financial obligations.

The Province intends to seek the consent of the lenders under the credit agreement among the Province, the lenders referred to therein and Credit Suisse AG, London Branch, as administrative agent dated as of December 1, 2015, to amend certain terms of such credit agreement with the purpose of obtaining relief that is comparable to the relief sought by the Province through the Proposed Amendments (as defined below) to the TICADE Securities.

### Summary of the Consent Solicitations

Pursuant to the Consent Solicitations, by tendering their consents, Eligible Holders will authorize and instruct the trustee for the series of their Eligible Bonds (the “**Trustee**”) to modify any outstanding bonds of such series and their respective indentures. If approved, the proposed amendments (the “**Proposed Amendments**”) will give effect to the following amendments:

(a) With respect to all Eligible Bonds:

- Include debt securities issued by the Province under indentures (including of the Eligible Bonds), fiscal agency agreements or similar issuance documentation (containing multiple series modification provisions substantially in the same form as in the indentures governing the Eligible Bonds) for the purpose of determining whether a reserve matter affecting debt securities of multiple series proposed under each of the indentures governing the Eligible Bonds has been consented to.

(b) With respect to the TICADE Securities:

- postpone the maturity date until May 12, 2030;
- irrevocably waive the right to receive any interest accrued and unpaid under the TICADE Securities from August 12, 2020 to but excluding the Settlement Date (as defined below) and reduce the applicable interest rate as follows:
  - a. for the periods beginning from and including the Settlement Date to but excluding

November 12, 2021, to 1.00% per annum;

- b. for the periods beginning from and including November 12, 2021 to but excluding February 12, 2023, to 4.00% per annum; and
  - c. for the periods beginning from and including February 12, 2023 to the Maturity Date, to 6.75% per annum;
- the first interest payment date under the TICADE Securities will be February 12, 2021;
- permit the prepayment at par of U.S.\$20 per U.S.\$1,000 of outstanding principal amount of TICADE Securities on the Settlement Date;
- modify the amortization schedule to 31 quarterly payments, to be calculated as follows: the aggregate amount of each principal payment on the TICADE Securities shall equal the principal amount outstanding as of any principal payment date, divided by the number of remaining principal installments from and including such principal payment date to and including the maturity date. The first principal installment will be due on November 12, 2022;
- amend the cross payment default and cross acceleration to exclude any default or event of default under the TIDENEU Notes unless the same are modified pursuant to the TIDENEU Consent Solicitation;
- modify Section 3.7(f) of the TICADE Indenture relating to the funding of the Debt Service Reserve Account (as defined in the TICADE Indenture) to permit release on the Settlement Date of up to U.S.\$10,970,000 held in the Dollar Debt Service Reserve Account as of the date hereof and the replenishment of the Debt Service Reserve Account as follows:
  - a. on the Settlement Date and thereafter to and including February 12, 2022, the balance held in the Debt Service Reserve Account shall at all times be at least equal to the amount of interest due under the TICADE Securities on the next succeeding scheduled payment date;
  - b. after February 12, 2022 to and including May 12, 2022, the balance held in the Debt Service Reserve Account shall be at least equal to interest due under the TICADE Securities on the next succeeding scheduled payment date following the date of determination plus an amount equal to 33% of the Amortization Amount due on November 12, 2022;
  - c. after May 12, 2022 to and including August 12, 2022, the balance held in the Debt Service Reserve Account shall be at least equal to the interest due under the TICADE Securities on the next succeeding scheduled payment date following the date of determination plus an amount equal to 66% of the Amortization Amount due on November 12, 2022;
  - d. after August 12, 2022, to and including November 12, 2022, the balance held in the Debt Service Reserve Account shall be at least equal to the interest due under the TICADE Securities on the next succeeding scheduled payment date following the date of determination plus an amount equal to 100% of the Amortization Amount due on November 12, 2022; and
  - e. after November 12, 2022, the balance held in the Debt Service Reserve Account shall be at least equal to the interest due under the TICADE Securities on the next succeeding scheduled payment date following the date of determination plus an amount equal to 100% of the Amortization Amount due on the scheduled payment date next succeeding the date of determination;
- replace all references to “8.625% Secured Notes due 2028” with “Secured Senior Step-Up Notes due

2030”; and

- (A) waive any limitation arising under Sections 13.4 (b), (c) and (d) of the TICADE Indenture, solely for the purpose of the approval of the Proposed Amendments, (C) waive any limitation arising under Section 14.2 of the TICADE Indenture, solely for the purposes of giving effect to the prepayment set forth in the Proposed Amendment set forth above, and (D) waive the fulfillment of the requirements set forth under Section 3.7(e) of the TICADE Indenture, solely for purposes of the Proposed Amendments.
- (c) With respect to the TIDENEU Notes:
- postpone the maturity date until October 27, 2030;
  - the right to receive 75% of the interest accrued and unpaid under the TIDENEU Notes from April 27, 2020 to but excluding the Settlement Date shall be irrevocably waived;
  - the right to receive interest on the scheduled October 27, 2020 interest payment date shall be irrevocably waived;
  - the first interest payment date under the TIDENEU Notes (after payment of accrued interest on the Settlement Date) will be April 27, 2021;
  - reduce the applicable interest rate as follows:
    - a. for the period beginning from and including the Settlement Date to but excluding October 27, 2021, to 1.00% per annum;
    - b. for the period beginning from and including October 27, 2021 to but excluding October 27, 2022, to 4.00% per annum;
    - c. for the period beginning from and including October 27, 2022 to but excluding October 27, 2023, to 5.00% per annum; and
    - d. for the period beginning from and including October 27, 2023 to the maturity date, to 5.75% per annum;
  - postpone the initial principal payment date and modify the amortization schedule to 13 semiannual payments, to be calculated as follows: the aggregate amount of each principal payment on the TIDENEU Notes shall equal the principal amount outstanding as of any principal payment date, divided by the number of remaining principal installments from and including such principal payment date to and including the maturity date. The first principal installment will be due on October 27, 2024; and
  - amend the minimum denomination of the TIDENEU Notes to U.S.\$1.00 and replace all references to “7.500% Notes due 2025” with “Unsecured Senior Step-Up Notes due 2030.”

The changes sought to be effected by the Proposed Amendments will not alter the Province’s obligation to pay the principal of or interest on the Eligible Bonds when due, except to the extent described above. However, the terms and conditions of the Consent Solicitations do not limit the Province’s discretion to propose similar or additional amendments with respect to the Eligible Holders on a future date.

#### **Consent Consideration**

- (a) With respect to all TICADE Securities:

- For Eligible Holders who validly deliver a consent to amend their TICADE Securities, an amount in cash equal to interest accrued and unpaid under the TICADE Securities (prior to giving effect to the Proposed Amendments) from August 12, 2020 to and excluding the Settlement Date. This consent consideration will be calculated by reference to the principal amount of the TICADE Securities as to which the consent was given prior to giving effect to the principal prepayment contemplated in the Proposed Amendments, will be paid with funds released from the Dollar Debt Service Reserve Account in furtherance of the Proposed Amendments and will be payable only if the Proposed Amendments are validly adopted.

(b) With respect to the TIDENEU Notes:

- For Eligible Holders who validly deliver a consent to amend their TIDENEU Notes, an amount equal to 75% of the interest accrued and unpaid under the TIDENEU Notes (prior to giving effect to the Proposed Amendments) from April 27, 2020 to but excluding the Settlement Date (which will be paid by the issuance and delivery of additional TIDENEU Notes (as amended by the Proposed Amendments), pursuant to the indenture governing the TIDENEU Notes, as amended by the supplemental indenture). In addition, if the Proposed Amendments become effective pursuant to the Consent Solicitation of the TIDENEU Notes, on the Settlement Date the Province will pay all Holders an amount in cash equal to 25% of the interest accrued and unpaid under the TIDENEU Notes (before giving effect to the Proposed Amendments) from April 27, 2020 to but excluding the Settlement Date.

Each Consent Consideration will only be paid to Eligible Holders of TICADE Securities and TIDENEU Notes whose validly delivered consent is accepted pursuant to the Consent Solicitation Statements only if the relevant supplemental indenture to the indenture governing the TICADE Securities or the TIDENEU Notes, as applicable, is executed.

The Proposed Amendments will only become effective if the requisite consents contemplated in the applicable indenture are obtained and the other conditions set forth in each of the Consent Solicitation Statements are satisfied or waived in the Province's sole discretion. **The amendment of the indenture governing the TIDENEU Notes and the TIDENEU Notes is not a condition to the effectiveness of the Proposed Amendments to the indenture governing the TICADE Securities and the TICADE Securities. The amendment of the indenture governing the TICADE Securities and the TICADE Securities is not a condition to the effectiveness of the Proposed Amendments to the indenture governing the TIDENEU Notes and the TIDENEU Notes.**

Eligible Holders can deliver their consents under the Consent Solicitations until 5:00 p.m., New York City time, on August 28, 2020 (the "**Expiration Time**"). However, the Province may in its sole discretion extend the Expiration Time for either series of Eligible Bonds.

The Province reserves the right in its sole discretion to reject any and all consents with respect to any Eligible Bonds.

Eligible Holders who do not submit valid consents or whose valid consents are not accepted by the Province will have their Eligible Bonds modified pursuant to the applicable Consent Solicitations if we receive the requisite consents to the Proposed Amendments with respect to such Eligible Bonds. In this event, the economic terms of such holder's modified Eligible Bonds will differ significantly from the economic terms applicable to its Eligible Bonds prior to the effectiveness of the Proposed Amendments.

**The Consent Solicitations will expire at 5:00 p.m. (New York City time) on August 28, 2020, unless extended or earlier terminated by the Province at its sole discretion with respect to either series of Eligible Bonds (the "Expiration Time"). Consents may not be revoked or withdrawn at any time at or prior to the Expiration Date except in the limited circumstances described in each of the Consent Solicitation Statements in the Province's sole discretion.**

On September 4, 2020, or promptly thereafter (the "**Settlement Date**"), the supplemental indentures will be executed, the Consent Consideration due to Eligible Holders whose validly delivered consents are accepted pursuant to the Consent Solicitation Statements will be executed and the Proposed Amendments will become effective.

The Province has engaged Citigroup Global Markets Inc. to act as consent solicitation agent (the “**Consent Solicitation Agent**”) for the Consent Solicitations. Morrow Sodali is acting as the information and tabulation agent (the “**Information and Tabulation Agent**”). Any questions or requests for assistance regarding the Consent Solicitations may be directed to the Consent Solicitation Agent or the Information and Tabulation Agent at the contact information set forth below. Quantum Finanzas is acting as Financial Advisor to the Province in connection with the Consent Solicitations.

Eligible Holders, or custodians for such holders, of Eligible Bonds may obtain a copy of the Consent Solicitation Statements by contacting the Information, Tabulation and Exchange Agent at the contact information set forth below, or by download, following registration, via the Consent Websites: **TICADE** **Securities:** <https://bonds.morrowssodali.com/neuquenTICADE>; **TIDENEU** **Notes:** <https://bonds.morrowssodali.com/neuquenTIDENEU>.

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**Table A—Eligible Bonds**

<b>Title of Security</b>	<b>ISIN / CUSIP / Common Code</b>	<b>Outstanding Amount</b>
Series 1 (Tranches 1 and 2) 8.625% Secured Notes Due 2028 (the “TICADE Securities”)	US64126BAC46; USP71695AC75 / 64126BAC4; P71695AC7 / 141058975; 141059238	U.S.\$338,231,240
Series 1 7.500% Notes Due 2025 (the “TIDENEU Notes”)	US64131GAA04; USP7169GAA78 / 64131GAA0; P7169G AA7 / 160435801; 160394692	U.S.\$366,000,000

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**This announcement is for informational purposes only and is not an invitation or a solicitation of consents of any holders of Eligible Bonds. The consent solicitation is only being made pursuant to the Consent Solicitations. Holders of Eligible Bonds should read the Consent Solicitation Statements carefully prior to making any decision with respect to delivering their consents because they contain important information.**

The Province will make (or cause to be made) all announcements regarding the Consent Solicitations by press release in accordance with applicable law.

We have not registered the Consent Solicitations or the Eligible Bonds under the Securities Act of 1933, as amended (the “**Securities Act**”), or any state securities law. The consents may not be solicited in the United States or to any U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Consents are being solicited only from Holders of the Eligible Bonds 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 otherwise eligible to receive this solicitation under the laws of their jurisdiction (each, an “**Eligible Holder**”). Only Eligible Holders 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 Statements and to participate in the Consent Solicitations.

**NONE OF THE CONSENT SOLICITATION AGENT, THE TRUSTEES, THE INFORMATION AND TABULATION AGENT, THE FINANCIAL ADVISOR NOR ANY OF THEIR RESPECTIVE DIRECTORS, EMPLOYEES, AFFILIATES, AGENTS OR REPRESENTATIVES MAKES ANY RECOMMENDATION AS TO WHETHER HOLDERS SHOULD DELIVER THEIR CONSENTS PURSUANT TO THE CONSENT SOLICITATIONS, AND NO ONE HAS BEEN AUTHORIZED BY ANY OF THEM TO MAKE SUCH A RECOMMENDATION. EACH HOLDER MUST MAKE ITS OWN DECISION AS TO WHETHER TO CONSENT THE PROPOSED AMENDMENTS.**

*The Consent Solicitation Statements will be available from Consent Websites, subject to eligibility confirmation and registration.*

*The Information and Tabulation Agent for the Consent Solicitation is:*

**Morrow Sodali**

**Email:** neuquen@investor.morrowsodali.com

**Consent Websites:**

**TICADE Securities:** <https://bonds.morrowsodali.com/neuquenTICADE>

**TIDENEU Notes:** <https://bonds.morrowsodali.com/neuquenTIDENEU>

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**Any questions regarding the terms of the Consent Solicitations should be directed to the Consent Solicitation Agent or the Information and Tabulation Agent at their respective addresses and telephone numbers set forth on this communication. Requests for additional copies of the Consent Solicitation Statements or any other related documents may also be directed to the Information and Tabulation Agent.**

*The Consent Solicitation Agent for the Consent Solicitations is:*

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