<u>The end of the foreign exchange deadlock</u>

Yesterday the newly-elected Government -through its Minister of Economy- announced the end of the so-called foreign exchange deadlock ("cepo cambiario") as from today. The highlights of the new decisions on FX Controls are:

- Dismantle of the previous control and approval by the AFIP of FX purchases by local natural and juristic persons.

- Unification of the FX Market and FX quotes, eliminating the so-called "Saving Dollar", "Tourist Dollar" and "Credit Card Dollar", which entails a strong devaluation of the Peso in the range of 35/40%.

- The FX rates shall float depending upon the bid/offer in the FX market, with the intervention of the Central Bank, if necessary ("Flotacion Sucia").

- Lack of restrictions to purchase foreign currency by local natural and juristic persons up to USD 2MM per calendar month, similar to what happened until 2011 before the creation of the FX Deadlock.

- Elimination of the mandatory 30% withholding and constitution of a USD-nominated, non-interest bearing, 365-day time deposit on all incoming flow of foreign currency not exempted thereof that had been set forth by Decree nr. 616/05. Also the minimum mandatory stay term of 365 days is reduced to 120 days. New foreign currency incoming flows may freely outflow from the country for a similar amount.

- Lack of restrictions to purchase currency to pay imports by residents and to pay dividends abroad to foreign shareholders. The informal caps on FX purchase set forth by the Central Bank are eliminated.

- The stock of foreign trade debt (imports) by local importers may be subject to a deferred payment schedule (installments) or cancelled through a bond, but the mechanism is not precisely defined yet.

- The new system is enabled by a strong income of foreign currency from local exporters, investments, loans from foreign lenders and other Central Bank's swaps.

- The obligation of exporters to transfer and sell in the local FX Market their exports' proceeds remains as is.