

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)

**SECOND SUPPLEMENTAL DECLARATION OF UNDERSECRETARY OF
FINANCE SANTIAGO BAUSILI IN FURTHER 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 -

14 Civ. 8242 (TPG)

THE REPUBLIC OF ARGENTINA,

Defendant.

AURELIUS CAPITAL PARTNERS, LP, *et al.*,

Plaintiffs,

- against -

14 Civ. 8946 (TPG)

THE REPUBLIC OF ARGENTINA,

Defendant.

BLUE ANGEL CAPITAL I LLC,

Plaintiff,

- against -

14 Civ. 8947 (TPG)

THE REPUBLIC OF ARGENTINA,

Defendant.

EM LTD.,

Plaintiff,

- against -

14 Civ. 8303 (TPG)

THE REPUBLIC OF ARGENTINA,

Defendant.

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 -

14 Civ. 7739 (TPG)

THE REPUBLIC OF ARGENTINA,

Defendant.

CAPITAL MARKETS FINANCIAL SERVICES
INC., *et al.*,

Plaintiffs,

- against -

15 Civ. 710 (TPG)

THE REPUBLIC OF ARGENTINA,

Defendant.

FOGLIA, *et al.*,

Plaintiffs,

- against -

14 Civ. 8243 (TPG)

THE REPUBLIC OF ARGENTINA,

Defendant.

PONS, *et al.*,

Plaintiffs,

- against -

13 Civ. 8887 (TPG)

THE REPUBLIC OF ARGENTINA,

Defendant.

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 -

14 Civ. 7164 (TPG)

THE REPUBLIC OF ARGENTINA,

Defendant.

WILTON CAPITAL, LTD.,

Plaintiff,

- against -

14 Civ. 7166 (TPG)

THE REPUBLIC OF ARGENTINA,

Defendant.

MCHA HOLDINGS, LLC,

Plaintiff,

- against -

14 Civ. 7637 (TPG)

THE REPUBLIC OF ARGENTINA,

Defendant.

MCHA HOLDINGS, LLC,

Plaintiff,

- against -

14 Civ. 10064 (TPG)

THE REPUBLIC OF ARGENTINA,

Defendant.

ANDRAREX LTD.,

Plaintiff,

- against -

14 Civ. 9093 (TPG)

THE REPUBLIC OF ARGENTINA,

Defendant.

CLARIDAE, *et al.*,

Plaintiffs,

- against -

14 Civ. 10201 (TPG)

THE REPUBLIC OF ARGENTINA,

Defendant.

ARAG-A LIMITED, *et al.*,

Plaintiffs,

- against -

14 Civ. 9855 (TPG)

THE REPUBLIC OF ARGENTINA,

Defendant.

ATTESTOR MASTER VALUE FUND LP,

Plaintiff,

- against -

14 Civ. 5849 (TPG)

THE REPUBLIC OF ARGENTINA,

Defendant.

ANGULO, *et al.*,

Plaintiffs,

- against -

15 Civ. 1470 (TPG)

THE REPUBLIC OF ARGENTINA,

Defendant.

LAMBERTINI, *et al.*,

Plaintiffs,

- against -

15 Civ. 1471 (TPG)

THE REPUBLIC OF ARGENTINA,

Defendant.

HONERO FUND I, LLC,

Plaintiff,

- against -

15 Civ. 1553 (TPG)

THE REPUBLIC OF ARGENTINA,

Defendant.

TRINITY INVESTMENTS LIMITED,

Plaintiff,

- against -

15 Civ. 1588 (TPG)

THE REPUBLIC OF ARGENTINA,

Defendant.

BANCA ARNER S.A., *et al.*,

Plaintiffs,

- against -

15 Civ. 1508 (TPG)

THE REPUBLIC OF ARGENTINA,

Defendant.

TRINITY INVESTMENTS LIMITED,

Plaintiff,

- against -

15 Civ. 2611 (TPG)

THE REPUBLIC OF ARGENTINA,

Defendant.

TRINITY INVESTMENTS LIMITED,

Plaintiff,

- against -

15 Civ. 5886 (TPG)

THE REPUBLIC OF ARGENTINA,

Defendant.

MCHA HOLDINGS, LLC,

Plaintiff,

- against -

15 Civ. 2577 (TPG)

THE REPUBLIC OF ARGENTINA,

Defendant.

MCHA HOLDINGS, LLC,

Plaintiff,

- against -

15 Civ. 5190 (TPG)

THE REPUBLIC OF ARGENTINA,

Defendant.

ERCOLANI, *et al.*,

Plaintiffs,

- against -

15 Civ. 4654 (TPG)

THE REPUBLIC OF ARGENTINA,

Defendant.

FAZZOLARI, *et al.*,

Plaintiffs,

- against -

15 Civ. 3523 (TPG)

THE REPUBLIC OF ARGENTINA,

Defendant.

STONEHILL INSTITUTIONAL PARTNERS,
L.P., *et al.*,

Plaintiffs,

- against -

15 Civ. 4284 (TPG)

THE REPUBLIC OF ARGENTINA,

Defendant.

WHITE HAWTHORNE, LLC,

Plaintiff,

- against -

15 Civ. 4767 (TPG)

THE REPUBLIC OF ARGENTINA,

Defendant.

VR GLOBAL PARTNERS, LP,

Plaintiff,

- against -

11 Civ. 8817 (TPG)

THE REPUBLIC OF ARGENTINA,

Defendant.

HONERO FUND I, LLC,

Plaintiff,

- against -

15 Civ. 6702 (TPG)

THE REPUBLIC OF ARGENTINA,

Defendant.

PROCELLA HOLDINGS, L.P.,

Plaintiff,

- against -

15 Civ. 3932 (TPG)

THE REPUBLIC OF ARGENTINA,

Defendant.

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)

SECOND SUPPLEMENTAL DECLARATION OF UNDERSECRETARY OF FINANCE SANTIAGO BAUSILI IN FURTHER 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. These actions concern a number of different classes and types of bonds issued by the Republic. Among them are floating rate accrual notes, or FRANs, issued by the

Republic in 1998. The FRANs were bonds that were designed to offer low price volatility by paying a floating rate coupon that was periodically reset to match market rates.

Beginning in 2001, when Argentina began to experience economic difficulties, which ultimately led to its defaulting on certain debt, those rates began rising rapidly. When the FRANs came due, in 2005, the interest rate froze at 101.5% per year. At that time, Argentine debt was trading at distressed levels due to Argentina's default and deteriorating economic conditions. As a consequence, the FRANs have accrued interest since that time at a rate of 101.5% per year.

4. Attached hereto as Exhibit 1 are three charts, which I authored, relating to the relative amounts of principal and interest contained in plaintiffs' claims and the impact of the FRANs on those amounts. The first chart shows the relative amounts of principal and interest (including contract interest, pre-judgment interest, and post-judgment interest) which comprise the claims (1) in the *pari passu* actions,¹ (2) in all actions that have been filed on the basis of money owed to holders of the FRANs, (3) in the "Me Too" actions,²

¹ The *pari passu* actions are docketed at Nos. 08 Civ. 6978 (TPG); 09 Civ. 1707 (TPG); 09 Civ. 1708 (TPG); 09 Civ. 8757 (TPG); 09 Civ. 10620 (TPG); 10 Civ. 1602 (TPG); 10 Civ. 3507 (TPG); 10 Civ. 3970 (TPG); 10 Civ. 8339 (TPG); 10 Civ. 4101 (TPG); 10 Civ. 4782 (TPG); 10 Civ. 9587 (TPG); 10 Civ. 5338 (TPG).

² The "Me Too" actions are docketed at Nos. 14 Civ. 8601 (TPG); 14 Civ. 8988 (TPG); 14 Civ. 8630 (TPG); 14 Civ. 8242 (TPG); 14 Civ. 8946 (TPG); 14 Civ. 8947 (TPG); 14 Civ. 8303 (TPG); 14 Civ. 4092 (TPG); 14 Civ. 4091 (TPG); 14 Civ. 8739 (TPG); 14 Civ. 7258 (TPG); 14 Civ. 7739 (TPG); 15 Civ. 710 (TPG); 14 Civ. 8243 (TPG); 13 Civ. 8887 (TPG); 11 Civ. 4908 (TPG); 14 Civ. 10141 (TPG); 14 Civ. 5963 (TPG); 14 Civ. 1109 (TPG); 14 Civ. 3127 (TPG); 14 Civ. 10016 (TPG); 14 Civ. 7171 (TPG); 14 Civ. 7169 (TPG); 14 Civ. 7164 (TPG); 14 Civ. 7166 (TPG); 14 Civ. 7637 (TPG); 14 Civ. 10064 (TPG); 14 Civ. 9093 (TPG); 14 Civ. 10201 (TPG); 14 Civ. 9855 (TPG); 14 Civ. 5849 (TPG); 15 Civ. 1470 (TPG); 15 Civ. 1471 (TPG); 15 Civ. 1553 (TPG); 15 Civ. 1588 (TPG); 15 Civ. 1508 (TPG); 15 Civ. 2611 (TPG); 15 Civ. 5886 (TPG); 15 Civ. 2577 (TPG); 15 Civ. 5190 (TPG); 15 Civ. 4654 (TPG); 15 Civ. 3523 (TPG); 15 Civ. 4284 (TPG); 15 Civ. 4767 (TPG); 11 Civ. 8817 (TPG); 15 Civ. 6702 (TPG); 15 Civ. 3932 (TPG); 15 Civ. 7367 (TPG); 15 Civ. 2369 (TPG).

and (4) in other actions pending in New York in which no injunctions have been entered by this Court. The second chart shows the relative amounts of principal and interest comprising claims made by two plaintiffs with respect to their holdings of FRANs. The third chart shows the relative amounts of principal and interest claimed by certain significant plaintiffs.

5. A similar explanation may be found in an article published on Bloomberg on February 8, 2016, entitled “Argentina’s Bond Fight Comes Down to Its Worst Bonds”. A true and correct copy of that article is attached hereto as Exhibit 2.

6. The Republic has continued to make progress toward settling the outstanding claims concerning its defaulted debt. Over the past several weeks, I have participated, both personally and through counsel, in numerous negotiations with holders of defaulted Argentine debt. I am familiar with the course, status and outcomes, to date, of those negotiations. As a result of the negotiation process overseen by the Special Master, the Republic has entered into agreements in principle to settle claims made by numerous bondholders.

7. Attached as Exhibit 3 is a true and correct copy of the Agreement in Principle between Clarex Limited and Fiscella Holdings Limited, represented by Capital Markets Financial Services, Inc., and the Republic of Argentina, executed as of February 17, 2016.

8. Attached as Exhibit 4 is a true and correct copy of the Agreement in Principle between Old Castle Holdings, Ltd. and the Republic of Argentina, executed as of February 18, 2016.

9. Attached as Exhibit 5 is a true and correct copy of the Agreement in Principle between Lightwater Corporation Limited and the Republic of Argentina, executed as of February 18, 2016.

10. Attached as Exhibit 6 is a true and correct copy of the Agreement in Principle between Capital Ventures International and the Republic of Argentina, executed as of February 19, 2016.

11. Attached as Exhibit 7 is a true and correct copy of the Agreement in Principle between VR Global Partners, L.P. and the Republic of Argentina, executed as of February 19, 2016.

12. Attached as Exhibit 8 is a true and correct copy of the Agreement in Principle between Procella Holdings, L.P. and the Republic of Argentina, executed as of February 19, 2016.

13. Attached as Exhibit 9 is a true and correct copy of the Agreement in Principle between Red Pines LLC and the Republic of Argentina, executed as of February 28, 2016.

14. In aggregate the agreements in principle reached to date represent a commitment by the Republic to pay approximately \$6.2 billion to plaintiffs in the cases where this Court has issued injunctions.

15. Negotiations with other plaintiffs are ongoing. I have personally had discussions with a number of plaintiffs, including Andrarex, Ltd.; ARAG-A, Ltd.; Attestor Master Value Fund LP; Banca Arner S.A.; Bybrook Capital Master Fund LP; Claridae; Honero Fund I, LLC; MCHA Holdings, LLC; Settin; Tortus Capital Master Fund LP; Trinity Investments, Ltd.; and White Hawthorne, LLC.

16. Other representatives of the Argentine administration have attended numerous meetings with plaintiffs concerning these cases. For instance, on January 13, 2016, Luis Caputo, Argentina's Secretary of Finance, and Eugenio Bruno, counsel to the Argentine Ministry of Treasury and Public Finance, met at the office of the Special Master with Michael Spencer of Milberg LLP and Anthony Constantini of Duane Morris LLP, each of whom are counsel to numerous plaintiffs. The Special Master also participated in that meeting.

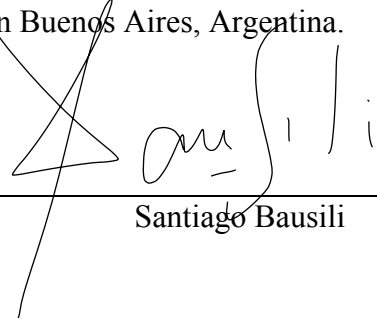
17. On February 4, 2016, Mr. Spencer again met with Secretary Caputo at the office of the Special Master. That meeting was also attended by Mario Quintana, Vice Chief of the Argentine Cabinet, the Special Master, and principals for certain other plaintiffs. I personally exchanged emails with Mr. Spencer on February 28, 2016, and we are scheduled to speak today, February 29, 2016.

18. Mr. Bruno and the Republic's outside counsel have also had ongoing discussions over the past several weeks with counsel to numerous holders of defaulted bonds. These have included numerous contacts and discussions with Timothy DeSieno and others at Morgan, Lewis & Bockius LLP as well as Jennifer Scullion of Proskauer Rose LLP, each of whom represent plaintiffs in these and related actions.

19. The Republic has also been in active discussions with the Bank of New York concerning the continuation of their role as the trustee for the Exchange Bonds, if and when the injunctions are vacated, following certain required changes in Argentine law that would be preconditions, and the Republic is able to resume making payments to holders of exchange bonds.

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

Executed on February 29, 2016, in Buenos Aires, Argentina.



Santiago Bausili