

Sideco secures consent for APE restructuring

Following the APE trial, Argentine conglomerate Sideco Americana has secured the consent of 91.11 per cent of its noteholders for an Acuerdo Preventivo Extrajudicial (APE) agreement. The agreement allows the company to restructure approximately US\$125 million of debt, and was confirmed at a bondholders meeting held simultaneously in Buenos Aires and New York on December 9.

The APE is similar to a US pre-packaged Chapter 11 filing and has become increasingly popular among companies in Argentina seeking to restructure debt. Under the system, a debtor must obtain the support of 51 per cent of its unsecured creditors, representing 66 per cent of its debt, as well as comply with certain formalities.

On November 10, Sideco launched a solicitation for consent from its creditors for the APE and for powers of attorney to execute the agreement. The agreement will provide for the exchange of Sideco's notes for cash, new notes and a combination thereof.

Out of US\$114 million in notes tendered, holders of US\$106 million opted for a cash payment at US\$0.35 for each US\$1.00 in notes tendered. Holders of US\$5.6 million elected for five-year secured notes, and holders of US\$2.5 million for ten-year unsecured notes.

Following approval from the bondholders, the company filed the APE agreement and the consents from its noteholders with the courts of Buenos Aires. Once the courts have granted a *homologación judicial* (judicial endorsement), the agreement will be binding on all of Sideco's unsecured creditors.

Sideco Americana is a diversified conglomerate engaged in engineering and construction, infrastructure development and public services, with most of its operations in Argentina and Brazil. The company has been forced to restructure its operations and US dollar-denominated debt, following both countries' financial difficulties.

The principal financial advisor to Sideco was Merchant Bankers Asociados.

Chadbourne & Parke LLP advised Sideco on the US legal aspects of the bonds and the consent solicitation governed by New York law, as well as the overall restructuring of the debt, through New York office partners **Alejandro R San Miguel**, **Talbert I Navia** and **Barry A Dinaburg**, as well as Latin America counsel **Carlos Albaraccin**.

Sideco was advised locally by Klein & Franco, through partner **Hugo Quevedo**.

Partner **Fernando Muñoz de Toro**, of **Muñoz de Toro & Muñoz de Toro**, gave Argentine counsel to the bondholders.

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