

Danone to mix biscuits with Arcor in Argentina, Brazil and Chile

Multinational biscuit company Groupe Danone has signed an agreement with Argentina's Arcor Group to merge their biscuit businesses in Argentina, Brazil and Chile, reportedly creating the region's largest player. The merger agreement was signed on April 1.

Fernando C Aranovich, of Marval, O'Farrell and Mairal (and chairman of Danone Argentina SA) commented: "This alliance represents a significant step towards creating the most important player in the South American biscuits market. The regional expertise of Arcor combined with Danone's outstanding international reputation will stimulate commercial dynamism in Argentina, Brazil and Chile."

A new joint venture company will be created to hold both companies' biscuit assets in the three countries. Arcor will hold 51 per cent of it and be responsible for the company's operational management, while Danone will hold the remaining 49 per cent share. The joint venture combines sales of over €250 million (US\$300 million) from an annual production of 255,000 tonnes of biscuits.

The new company will separate operations running in each of Argentina, Brazil and Chile. Operations are scheduled to begin around January 2, 2005, subject to the prior approval of the transaction by the Argentine and Brazilian antitrust authorities. The parties have already filed all the papers related to the transaction before the authorities as well as independent economic reports.

Danone is one of the leading producers worldwide of dairy, bottled water and biscuits. It had 2003 sales of over €13 billion (US\$15.6 billion). The company has operations across the region, in Argentina, Brazil and Uruguay.

The Argentine company is a leading sweets manufacturer worldwide, producing confectionery, chocolates, cookies and other foods. It has 31 plants in the region, and exports to 115 countries, producing revenues in 2003 of US\$810 million.

Danone was advised in Argentina through Marval, O'Farrell & Mairal, through a team led by partner **Fernando C Aranovich**. He was assisted by associates **Jorge C Mayer**, **Barbara V Ramperti**, **Angel Pereira**, **María Eugenia Luppi** and **Miguel del Pino**.

Demarest & Almeida Advogados gave Brazilian counsel to Danone, through partners **Leonardo Barém Leite** and **Paulo Kantor** (tax), and associates **Juliana Teixeira**, **Priscila Sartori**, **Monica Arruda** and **Eloisa Curi** (tax).

It received Chilean counsel from Carey y Cía, through partners **Jorge Carey** and **Salvador Valdez**, and associates **Felipe Moro** and **Carolina Menichetti**.

Arcor was advised by Muñoz de Toro & Muñoz de Toro, through partners **Fernando Muñoz de Toro** and **Fabián D'Aiello**.

Partners **Marcos Rafael Flesch** and **Maurício Teixeira dos Santos**, of **Souza, Cescon Avedissian, Barrieu e Flesch Advogados**, gave the company Brazilian

counsel.

In Chile, it was advised by partner **Alejandro Alvarez**, of Alvarez Hanzpeter Jana & Valle.

Gatica & Chasseing advised Arcor in Córdoba.

Groupe Danone was also advised by its general counsel **Luc Delaby** and in-house counsel **Aurelie Daligand**.

Federico Gottlieb gave in-house counsel to Arcor.

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