

APEs go smoothly out of court for Clarin subsidiaries



Two subsidiaries of Argentine media conglomerate Grupo Clarin SA, publishing company Arte Gráfico Editorial Argentino SA (AGEA) and printing company Artes Gráficas Rioplatenses SA (AGR), have successfully restructured unsecured debt totaling more than US\$410 million in two separate, but concurrent, transactions. Both of them closed on January 28.

Initially, AGEA and AGR sought to restructure their debt through an *acuerdo preventivo extrajudicial* (APE), the new prepackaged Chapter 11-style mechanism brought in last year. However, both companies secured the agreement of 100 per cent of their creditors, and so settled the transactions through out-of-court proceedings with no court approval.

AGEA launched the restructuring process for US\$358 million of its debt on December 2, through a solicitation to all holders of its unsecured debt. Creditors were offered a choice between par ten-year fixed and floating rate notes, seven-year fixed and floating rate notes issued with discount plus a cash amount, or a cash option. They were also invited to accept the APE agreement.

The publishing company's APE was executed on December 17 with the support of all its creditors. For the subsequent out-of-court proceedings, AGEA appointed JP Morgan Chase as exchange agent, and a new APE Supplement Agreement was then executed on January 16.

Under the terms of the agreement, AGEA issued US\$30.6 million of ten-year notes and US\$118.4 million of seven-year notes.

In AGR's transaction, which was also launched on December 2, creditors were offered a choice between cash, a ten-year guaranteed credit agreement and a seven-year guaranteed credit agreement. AGR executed its APE on December 17 as well, and the subsequent APE Supplement Agreement on January 16. Again, JP Morgan Chase acted as exchange agent.

AGEA's creditors accepted the offers in the following amounts:

1. Holders of US\$30 million of debt elected the par option, so AGEA issued US\$30.6 million of ten-year notes, including an additional recovery amount.
2. Holders of US\$227.6 million of debt elected the combined option, for which AGEA issued US\$118 million of seven-year notes and at closing paid around US\$27 million in cash.
3. Holders of US\$90.3 million of debt elected the cash option, receiving around US\$28 million from AGEA paid at closing.

AGR's creditors accepted the offers as follows:

1. Holders of US\$45.8 million of debt elected the combined option, entering into a US\$ 27.7 million seven-year credit agreement with AGR and receiving US\$6.3 million in cash at closing.
2. Holders of US\$7.5 million of debt elected the cash option, receiving around

US\$2.4 million in cash at closing.

3. None of AGR's creditors elected the par option.

AGR was able to reduce its unsecured debt to US\$27.7 million, payable over seven years.

Ignacio Padilla, of Sáenz Valiente, Padilla & Asociados, commented: "Compared to an in-court restructuring, the fact that AGEA and AGR's restructurings were implemented out of court gave all of the parties involved significant advantages in time, costs and more importantly, certainty. Everyone had common interests on that front, which helped to achieve a relatively rapid and beneficial transaction."

Grupo Clarin is one of the top media companies in Latin America, and reportedly the market leader in Argentina. AGEA publishes the *Clarín* daily newspaper, as well as a sports daily *Olé*, and magazines *Elle*, *Genios* and *Viva*. The group's printing company AGR is said to have the most advanced technology in the market. AGR owns one of the largest printing plants in South America.

Both debtors were advised in Argentina by Sáenz Valiente, Padilla & Asociados, through partners **Eduardo G Padilla Fox** and **Horacio M Silva**, and associates **Ignacio Padilla**, **Martín G Ríos**, **Gustavo Krauss** and **José M Méndez Acosta**.

AGR and AGEA also took Argentine counsel from partners **Héctor Alegría** and **Gabriel Fissore**, and associates **Juan Espeso** and **Rodolfo Romani**, of Estudio Alegria.

Cleary, Gottlieb, Steen & Hamilton advised them on US law, through partners **Andrés de la Cruz** and **Jason Markham**, and associates **Lizbeth Flores** and **Matias Mori**, all of the New York office.

Partner **Javier Errecondo**, and associates **Saturnino Funes** and **Victoria Hitce**, at that time of Bruchou, Fernández Madero, Lombardi & Mitrani, gave Argentine counsel for both transactions to some of the creditors, including BankBoston, BBVA Francés, Citibank, Credit Suisse First Boston, JP Morgan Chase and Deutsche Bank.

The same group of creditors took international counsel from partner **Conrado Tenaglia**, of Linklaters, for both transactions.

Partner **Gustavo Casir**, of **Muñoz de Toro & Muñoz de Toro**, represented Credit Lyonnais in the AGEA restructuring.

The other creditors were advised by their respective in-house counsel. These included Banco de la Ciudad de Buenos Aires, Banco de la Nación Argentina, HSBC, Banco Río de la Plata, Banco Galicia and BEAL for the AGEA deal. Banco Río de la Plata also participated in the AGR transaction.

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