

Global Committee of Argentina Bondholders Makes Presentation during IMF/World Bank Meetings

Press Release

October 7, 2004

More than 150 people attended a presentation by the Steering Committee of the Global Committee of Argentina Bondholders (GCAB) on Monday, October 4th, during the IMF/World Bank meetings in Washington, DC. The standing room only crowd included institutional and retail creditors from the United States, Europe, Japan and Latin America; representatives from the IMF, IADB, the Paris Club, the U.S. Treasury, the Federal Reserve Bank of New York and the IIF; and members of the press. The presenters included Dr. Nicola Stock and Hans Humes, the co-chairpersons of GCAB, Makoto Aratake of Bank of Tokyo-Mitsubishi, Dan Celentano of Bear, Stearns & Co. Inc. the financial advisor to GCAB, and Horacio Vasquez of ADAPD, a leading private creditor group inside Argentina. In addition, GCAB's legal advisors from White & Case were also present. Presentation materials are available on line at www.gcab.org.

At the meeting, Dr. Stock announced that GCAB's membership has grown and it now represents more than US\$38 billion in total bond principal claims, and GCAB continues to accept new members. Its newly created General Membership category now represents more than US\$1 billion in total bond principal claims.

GCAB and Mr. Vasquez of ADAPD also announced an alliance based on a set of common objectives as part of any debt restructuring exchange offer, including a par bond option for retail creditors, full recognition of past due interest, and a cash payment to all creditors. The GCAB-ADAPD relationship exemplifies GCAB's reach and the ability of creditors worldwide to organize around a set of common goals.

GCAB reiterated that its position remains constant regarding Argentina's continual refusal to enter into good faith negotiations: GCAB will not support the unilateral exchange offer that Argentina has indicated it will launch in the coming weeks. In addition, GCAB will not support any proposal that does not reasonably reflect Argentina's ability to pay. Without GCAB's support, Argentina's proposed exchange offer to restructure US\$81 billion of total bond principal claims falls well short of an acceptable level of participation.

The presentation was attended by numerous representatives of the official sector. Recently the official sector has shown continued concern with Argentina's approach. For example, a G-7 communiqué released on October 1st expresses particular concern with the potential level of creditor participation in Argentina's debt restructuring. While the communiqué urges Argentina to implement the actions required for the completion of the

IMF's Third Review, including meaningful progress on the debt restructuring, the communiqué states that a key challenge for the country is "achieving high creditor participation in a sustainable debt restructuring." In a separate statement, U.S. Treasury Secretary John Snow added that high creditor participation is "vital" to any exchange offer.

GCAB continues to believe that Argentina will fail to meet this challenge if it continues its current strategy of avoiding good faith negotiations and offering terms that are far below the country's capacity to pay. The Steering Committee cautioned that any exchange offer that includes a low participation rate, and that effectively repudiates those securities not tendered, will result in an unprecedented wave of litigation against the Republic. They, however, emphasized that GCAB remains prepared and willing to enter into good faith negotiations and, in fact, set forth its own principles for good faith negotiations during the presentation.

About GCAB

GCAB was formally established in January 2004 by representatives of all the major foreign bondholder constituencies of defaulted Argentine debt, and consists of a broad-based group of holders. The Steering Committee represents holders from Germany, Italy, Japan, Switzerland, the USA and other countries. Its retail and institutional members hold approximately US\$38 billion in defaulted debt of Argentina, accounting for 45% of the principal amount of US\$81 billion in total principal bond claims and 75% of all outstanding Argentine debt held outside Argentina.

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