

## **GCAB FILES BRIEF IN SUPPORT OF MOTION TO PREVENT ARGENTINA'S EXCHANGE OFFER**

### **Press Release**

November 12, 2004

The Global Committee of Argentina Bondholders (GCAB) announced today that it had filed an amicus curiae or "friend of the court" brief in support of the motion recently filed in the H.W. Urban GmbH v. Republic of Argentina class action lawsuit (the "Urban Class Action") currently pending before the New York Federal Courts.

The motion filed by counsel in the Urban Class Action seeks to prevent Argentina from proceeding with its unilateral exchange offer in the United States until the Court has reviewed and approved any exchange offer or settlement pursuant to applicable rules. GCAB's brief allows it to express its support for the Urban Class Action motion since GCAB believes that compliance with certain U.S. Federal Court rules relating to the conduct of a class action lawsuit will lead to good faith negotiations and a market-based solution.

GCAB believes that Argentina's filing with the U.S. Securities and Exchange Commission of a Registration Statement on Schedule B together with its publicly announced plans to launch a unilateral exchange offer is an offer to settle or compromise the Urban Class Action in circumvention of the protections of the U.S. Federal Rules of Civil Procedure and the authority of the U.S. Federal Court. GCAB believes that the courts' intervention, particularly with respect to fairness and reasonableness of the exchange offer, will lead to the good faith negotiations mandated by the IMF and previously accepted by Argentina.

Despite the continued refusal of Argentina to meet with GCAB and negotiate in good faith, Hans Humes, co-chairman of GCAB, stated that "Notwithstanding Argentina's unilateral actions, GCAB believes that it is not too late for negotiations, and remains ready and willing to begin talks with Argentina that will lead to a successful exchange offer with high participation among holders of the defaulted debt."

Nicola Stock, co-chairman of GCAB, stated further that "GCAB has determined to move forward and support this motion because we believe it is necessary to bring Argentina to the negotiating table in light of its announcement to commence an exchange offer on November 29<sup>th</sup>. GCAB calculates the current net present value of Argentina's stated terms as 22% to 24% of principal, which represents a haircut of more than 75%. If adjusted for three years of past due interest, estimated to be worth \$26 billion, the value would drop below 20% of total claims."

GCAB continues to reject Argentina's current proposed terms and believes that Argentina will fail to meet its goals if it continues its current strategy of avoiding good faith negotiations and offering terms that are far below the country's capacity to pay. GCAB further believes that launching any exchange offer that results in a low participation rate that effectively repudiates those securities not tendered, will cause an unprecedented wave of litigation against the Republic. GCAB, however, remains prepared and willing to enter into good faith negotiations.

### **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 approximately US\$81 billion in total principal bond claims and 75% of all outstanding Argentine debt held outside Argentina.

### **GCAB Contact:**

Hans Humes	
Greylock Capital Associates, LLC	(212) 808-1818
Nicola Stock	
Associazione per la Tutela Degli Investitori in Titoli Argentini	(3906) 676-7603
GCAB website	<a href="http://www.gcab.org">www.gcab.org</a>
Bondholder Inquiries/Questions	
Please e-mail Bear Stearns Global Liability Management Group at:	<a href="mailto:GCAB@bear.com">GCAB@bear.com</a>