



Global Committee of
Argentina Bondholders

Press Release

GCAB Demands Argentina Begin Good Faith Negotiations

The Global Committee of Argentina Bondholders (GCAB) held its second meeting on February 24, 2004. Argentine Minister of Economy Lavagna responded to a letter from the GCAB Steering Committee inviting government representatives to the meeting to begin good faith negotiations to restructure the nation's debt by sending Mr. Federico Molina, Financial Representative of Argentina, as an observer. Mr. Molina attended the afternoon session of the GCAB all day meeting.

"Though we thank the government for sending Mr. Molina, this does not represent a good faith effort by Argentina to negotiate with a representative committee of the nation's creditors. As the German Minister of Finance said last week in Buenos Aires, Argentina must respect the rules of the international community," said Steering Committee Co-Chairman Nicola Stock.

The Steering Committee expects the Argentine government to begin direct negotiations with the Committee where both parties are obliged to meet and to engage in serious efforts to reach an agreement on a fair and sustainable restructuring of Argentina's debt. The format of the GCAB follows the historical precedents of all of the major sovereign debt restructurings of the 1990's, including that of Argentina in 1993, and the Creditor Committees of corporate restructurings.

All major constituencies of foreign bondholders are represented on the GCAB Steering Committee, both geographically and by type of investor: Italy, Germany, Switzerland, Austria, Japan, France and the United States; institutional and retail investors. Steering Committee members represent directly holders of approximately \$37 billion nominal amount of bonds from 105 different issues in all of the foreign currencies, or more than two-thirds of Argentina's \$53 billion nominal amount debt held by foreign investors.

In Argentina's September 2003 IMF Letter of Intent, the government stated that it had chosen "representative private creditors" to form Consultative Groups to discuss the restructuring. All the original members of the Consultative Groups are participants in the GCAB except for one institution that could not participate.

The members of the GCAB have informed the government that they do not consider the Consultative Groups the correct forum for a meaningful negotiation of the debt restructuring because the GCAB is now the major vehicle to represent Argentina's bondholders. Further, the GCAB does not believe that the government's bondholder registry will facilitate negotiations between Argentina and its creditors.

The GCAB has presented its credentials establishing its position as a representative committee of Argentina's creditors to the International Monetary Fund. This will allow the IMF to ensure compliance with the conditions of its loan to Argentina that mandate that the government is expected to negotiate in good faith with such a representative committee.