DEBTWIRE

List of Companies covered in this issue

Alliance Bank
Asian Seafoods Coldstorage Public Co Ltd
AUSOL
Bite Group
BTA Bank JSC
Cemex
CESP
Ciech Group
CSK Holdings Corporation
Davomas Abadi Tbk, PT
Desarrolladora Metropolitana
G Steel Public Co Ltd
Gallery Group
GOL Linhas Aereas Inteligentes
Grupo Iusacell
Grupo Rede
Impsa
Kazanorgsintez
Mastellone
MHP
Minerva
Neo-China Land Group (Holdings) Limited
OZ Minerals Limited
Polski Koncern
Powerchip Semiconductor Corporation
ProMOS Technologies Incorporated
Rolf Group
Sunshine Holdings Limited

+ plus others

Global Emerging Markets Update

20 April 2009 – First edition

Your Debtwire Team

Managing Director
Jonathan Reed
+ 1 212 686 5418
jonathan.reed@debtwire.com

Editor-in-Chief
Matt Wirz
+ 1 212 686 5316
matt.wirz@debtwire.com

Global EM Research:
Head of Latin America Research
Valeria Seifert
+ 1 212 500 1385
valeria.seifert@debtwire.com

Attila Takacs
+ 44 20 7059 6167
attila.takacst@debtwire.com

Yana Dostinova
+ 44 20 7059 6298
yana.dostinova@debtwire.com

Melvin Lee
+ 852 2158 9728
melvin.lee@debtwire.com

debtwire.com

For further information please contact: **Debtwire, 11 West 19th Street, 2nd Floor, New York, NY 10011 Tel: +1 (212) 686-5374**

Table of Contents

Introduction

We're pleased to present Debtwire's inaugural Global Emerging Markets Update. The report was put together after consulting with financial and legal professionals involved in the distressed and high yield market and offers information on trends and comparative data on the regions Debtwire covers.

This project was conceived after a number of buyside sources requested a crossmarket report. Because of geographical distances, professionals in each market tend to function independently and remain focused on the events and idiosyncrasies of their own markets.

Included in the lengthy wishlist were requests that we track recent covenant violations and defaults in each region and that we offer crossmarket comparisons of companies within a featured sector. As we broadened the sample and got in touch with advisory professionals, there were requests for an overview of different insolvency proceedings in each country and for a written report on an EM trend that would "tie it all together".

We believe that you will find this report useful in its current form but as this is our first effort, we encourage you to give us constructive feedback and suggestions for future improvements.

Gabriel DeSanctis
Editor, Latin America
gabriel.desanctis@debtwire.com

Nick Briggs
Editor, Emerging Europe
nick.briggs@debtwire.com

Luc Mongeon
Editor, Asia
luc.mongeon@debtwire.com

http://www.debtwire.com

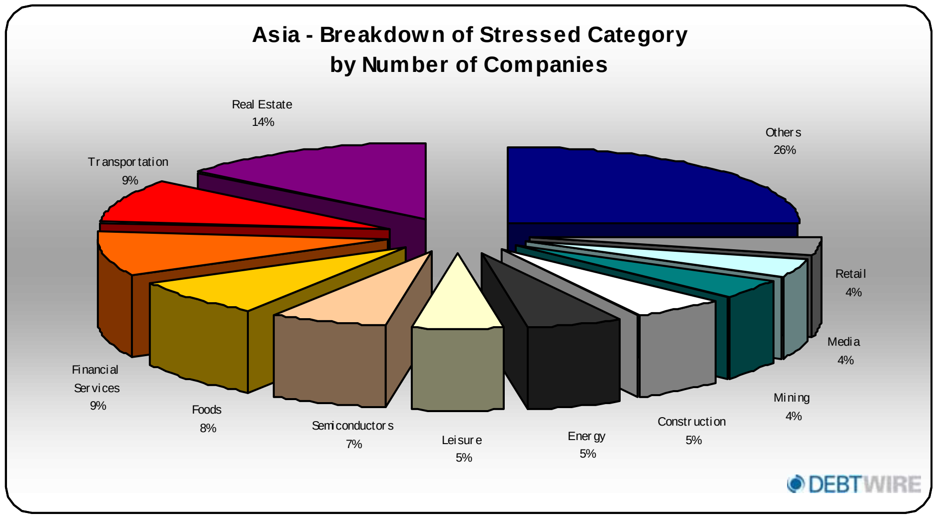
For further information please contact: **Debtwire, 11 West 19th Street, 2nd Floor, New York, NY 10011 Tel: +1 (212) 686-5374**

Debtwire Emerging Markets

By category, Stressed debt by Industry

Breakdown of Debtwire Asia by Category		
USD'm	**No.**	**Gross Financial Debt**
Stressed Debt	77	126,234
Expected Deals	37	7,095
Live Deals	118	49,634
Post Restructuring	33	14,914
Total	**265**	**197,877**
High Yield	472	-
Government	10	-
Total	**746**	**197,877**

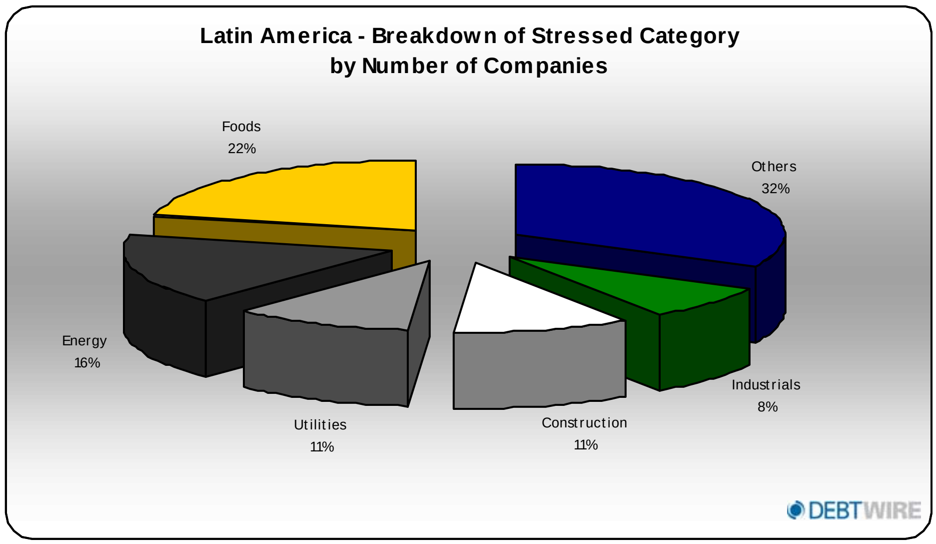
Notes: Gross financial debt total accounts for 181 of the 265 companies included in the universe (where information is publicly available through the local regulatory entities, extracted from DW Intelligence or as provided by the company).



√ 70% of Asia stressed debt is concentrated in Australia, China, Hong Kong, Indonesia and Japan.
√63 % of Asia stressed debt is concentrated in real estate, transportation, financial services, consumer (foods), computers (semiconductors), leisure, energy and construction sectors.

Breakdown of Debtwire Latin America by Category		
USD'm	**No.**	**Gross Financial Debt**
Stressed Debt	34	43,064
Expected Deals	9	3,564
Live Deals	20	5,760
Post Restructuring	14	2,911
Total	**79**	**55,299**
High Yield	71	149,198
Government	10	-
Total	**158**	**204,497**[1]

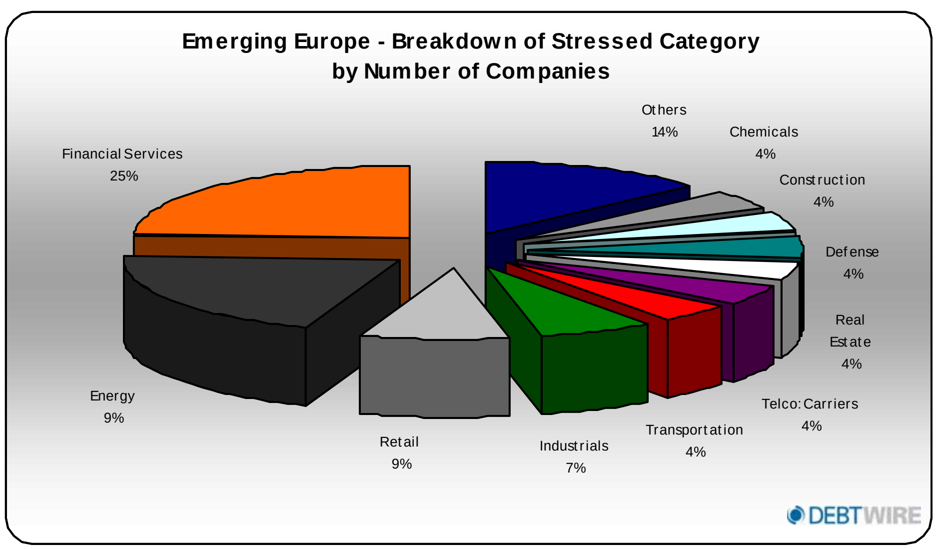
Notes: Gross financial debt total accounts for 121 of the 148 companies included in the universe (where information is publicly available through the local regulatory entities, extracted from DW Intelligence or as provided by the company).



√ 47% of Latin America stressed debt is concentrated in Brazil.
√ 73 % of Latin America stressed debt is concentrated in consumer (foods), energy, utilities, construction and industrials.

Breakdown of Debtwire Emerging Europe by Category		
USD'm	**No.**	**Gross Financial Debt**
Stressed Debt	43	80,182
Expected Deals	22	1,278
Live Deals	6	1,278
Post Restructuring	3	178
Total	**74**	**82,916**[1]
High Yield	396	-
Government	17	-
Total	**487**	**82,916**[1]

Notes: Gross financial debt total accounts for 26 of the 74 companies included in the universe from Stressed to Post restructuring. 22 of them included in the Stressed category.



√ 74% of EE stressed debt is concentrated in Russia and Kazakhstan.
√ 55 % of EE stressed debt is concentrated in the financial services, energy and retail sectors.

Stressed debt profiles

For further information please contact: **Debtwire, 11 West 19th Street, 2nd Floor, New York, NY 10011 Tel: +1 (212) 686-5374**

Stressed debt profiles – Asia

We selected 10 corporates in Asia within our Stressed universe that have significant liquidity/funding concerns.
The companies are listed from highest to lowest in terms of their liquidity concern.

DEBTWIRE

Company	Country	Sector	Ratings Moodys S&P	Total Debt USDm	Short term debt	Cash	Total debt/ EBITDA	Notes
Davomas Abadi Tbk, PT[1]	Indonesia	Consumer: Foods	B2 B+	238	n.a.	75	2.6x	Possibility of event of default after breaching cash and accounts management agreement; Sharp drop in gross margin due to weaker demand; utilisation rate lowered to 40% in Feb'09
G Steel Public Co Ltd	Thailand	Industrial products and services	Caa3 CC	323	82.4	4	(neg)	Auditor expressed concerns as on-going entity; Company had to postpone making payments to trade creditors and other payables; significant deterioration in EBITDA
ProMOS Technologies Incorporated[1]	Taiwan	Computer: Semiconductors	NR	2,407	852.1	106	97.4x	The company faces huge operating losses due to weaker demand and plunging DRAM prices and suffers from poor short-term liquidity profile. Currently seeking financial aid from the Taiwanese government
Powerchip Semiconductor Corporation[1]	Taiwan	Computer: Semiconductors	NR	3,265	1,263.6	560	(neg)	Breach of financial covenants as of 1H08; The company is facing short term refinancing risk, dropping DRAM prices and overcapacity in the industry.
OZ Minerals Limited	Australia	Mining	NR	797	696.6	48	4.8x	The company obtained lenders' approval to extend refinancing deadline until 30 April, 2009; Australian Government rejected takeover proposal by China Minmetals on 27 March.
Gajah Tunggal	Indonesia	Automotive	B2 B	413	4.1	15	5.16x	The company needed to sell off accounts receivable at discounts and offer customers discounts for early repayment in order to raise the funds it needed for debt repayments. Deteriorating results, coupled with tight covenant headroom. Uncertainty of whether the company will be able to make coupon payment of USD 21.5m on 21 July, 2009.
Neo-China Land Group (Holdings) Limited[2]	China	Real Estate	Caa3 CC	1,175	359.6	325	47.9x	94% drop in sales in 1H09. Suffered a loss from operations of USD 22.6m in the first half; Company almost defaulted on interest payment as it repaid interest just before the expiration of a 30-day grace period.
Asian Seafoods Coldstorage Public Co Ltd	Thailand	Consumer: Foods	NR	83	63.9	1	5.5x	Breached certain financial ratios in loan agreement. Lenders have the right to charge higher interest rates and to call for immediate repayment in full. Cash on hand remains low.
Sunshine Holdings Limited	China	Real Estate	NR	152	145.9	16	(neg)	Breached covenants as of 31 December, 07. Company has negative EBITDA and net cash outflow. Cash on hand unlikely to meet interest payments and working capital requirements
CSK Holdings Corporation	Japan	Computer services	NR	1,752	902.3	408	(neg)	Liquidity concerns due to low cash level, sluggish operating results and negative cash flow from operating activities. Current cash level insufficient to repay short-term debt obligations

Notes: Financial information as of 31 December 2008 unless otherwise specified.
[1] - Financial information as of 30 September 2008.
[2] - Financial information as of 31 October 2008.

Stressed debt profiles – Latin America

We selected 10 corporates in Latin America within our Stressed universe that have significant liquidity/funding concerns. The companies are listed from highest to lowest in terms of their liquidity concern.

Company	Country	Sector	Ratings Moodys S&P	Total Debt USDm	Short term debt	Cash	Total debt/ EBITDA	Notes
Cemex S.A. de C.V.	Mexico	Construction	NR BB	18,784.0	6,950.0	990.0	4.2x	Company currently renegotiating short term debt. Declined to release interim guidance for 1Q09. Resolution of creditor negotiations set for late April. The company recently decided to indefinitely postpone its senior note offering.
Grupo Iusacell S.A. de C.V.	Mexico	Telco: Carriers	C NR	906.7	190.4	17.8	5.7x	The company announced early April that its capacity to pay its debt had been affected by MXN depreciation and has begun conversations to renegotiate foreign currency debt. Cash position declined from USD 35m as of September 08 to USD 18m as of December 08.
Grupo Rede	Brazil	Energy	B2 NR	1,934.9	437.8	169.5	4.2x	Company was working on capitalization and asset disposals to cut debt at the end of 2008. It was recently placed under review for downgrade by Moody's and Fitch. Liquidity and funding situation compromised.
CESP	Brazil	Energy	Ba2 B	3,006.7	475.0	176.3	4.3x	Compromised liquidity and funding situation. Equity fell recently on government statements regarding concession renewals. Significant revenue/debt FX mismatch. The company posted a USD 1bn loss for 2008 attributed to plant revaluation.
Gruma S.A. de C.V.	Mexico	Consumer: Foods	NR B+	1,834.9[3]	174.8[3]	103.0	5.6x[3]	The company recently closed out USD 768m in FX derivative positions and it's currently negotiating with counterparties for the conversion of approximately USD 668m of losses into a term loan. The company faces USD 440.5m in maturities during 2010.
GOL Linhas Aereas Inteligentes	Brazil	Transportation Airlines	B1 NR	833.1	368.2	268.9	2.8x[2]	Company reported 4Q08 USD 294m loss on currency depreciation. Significant revenue/debt FX mismatch. Company violated covenants of BNDES loan, negotiated second waiver in less than four months.
Desarrolladora Metropolitana	Mexico	Construction Housing	B2 NR	386[1]	n.a.	56[1]	n.a.	Weakening fundamentals. Holders are organized and could pressure the company to continue to make payments under existing indentures. USD 11m coupon payment due in May.
Autopistas del Sol S.A.	Argentina	Construction (Highway concession)	NR B-	320.4	26.7	8.8	10.8x	Reported a net loss of USD 39m for 2008. The company was granted a pending toll hike last December which should alleviate its cashflow position. Has USD 26.7m in debt servicing due this year.
Minerva S.A.	Brazil	Consumer: Food (Beef)	NR B	603	153.2	199.7	9.1x	Company recently took new loans from BNDES, Deutsche Bank and Banco de Amazonia. S&P and Fitch ratings on CreditWatch negative in light of the challenging operating environment.
Impsa S.A.[5]	Argentina	Energy	NR B-	575.1	110.7	54.3	5.7x	Liquidity and financial flexibility concerns. The company was recently downgraded to B- due to liquidity concerns ahead of its USD 65m bond maturity on 4 June, 2009. Hydro backlog exposed to Venezuelan cash crunch.
Mastellone Hermanos S.A.	Argentina	Consumer: Food	NR NR	213.6	30.5	18.1	(neg)	Mastellone reported a loss of USD 73m for 2008. The company expects to make its June coupon payment. Only five products remain under Government price control regime. Negative EBITDA.

Notes: All financial information as of 31 December 2008 unless otherwise stated. Sources include: local stock exchanges, regulators, market sources as well as information provided by the companies.
[1] - Financial information as of 3Q08 according to market sources. [2] - GOL leverage ratio as reported by the company: Total financial debt to EBITDAR (EBITDA plus rent income) [3] - Gruma pro-forma debt (after closing derivative transactions) reached USD 1.8bn from USD 1.0bn reported as of December 2008. Leverage as calculated with pro-forma debt and last twelve months trailing EBITDA. [4] - As per internal calculations. [5] - Financial information as of 31 January 2009.

Stressed debt profiles – Emerging Europe

We selected 10 corporates in Emerging Europe within our Stressed universe that have significant liquidity/funding concerns. The companies are listed from highest to lowest in terms of their liquidity concern.

Company	Country	Sector	Ratings Moodys S&P	Total Debt USDm	Short term debt	Cash	Total debt/ EBITDA	Notes
Alliance Bank[1]	Kazakhstan	Financial Services	Caa3 CC	5,294	1,111.7	358	n.a.	Bank's deteriorating asset quality, shrinking liquidity increases the probability of a debt restructuring. State-controlled sovereign wealth fund Samruk-Kazyna has supported the bank via deposits and targeted lending (e.g. for SME support programmes). Full extent of the Kazakhstani government's support remains unclear.
Kazanorgsintez JSC[2]	Russia	Chemicals and materials	NR CCC+	786	235.8	7	7x	The company is in extensive talks with lender banks and Tatarstan's Ministry of Finance regarding credit line extensions. Approximately RUB 4.9bn (USD139m) of debt maturities to be paid before April 2009.
Ciech Group SA	Poland	Chemicals and materials	NR NR	475	365.7	31.3	3.7x	Increase in short-term debt came from accelerations triggered by breaches of net leverage and debt service coverage ratios. Ciech planning to sell some of its subsidiaries. In April/ May 2009 the company will seek to sign agreements with banks to restructuring its debt.
BTA Bank JSC[1]	Kazakhstan	Financial Services	B1 CC	21,160	10,156	919	n.a.	In January-February 2009, the bank lost 19% of its retail deposits. BTA has serviced its debt obligations so far this year (paid USD 593.4m) but the distressed condition of its balance sheet increases the likelihood of a debt restructuring.
Bite Group AS	Lithuania	Telecommunications: Carriers	Caa1 CC	392	25.5	5	8.5x	The company received 94.4% acceptances in support of the offer to grant EUR 38.5m in cash in exchange for the EUR 110m initial notes. Creditor group seeks waiver to extinguish more than EUR 50m of its subordinated debt. Tight liquidity and high leverage.
Irkutskenergo OAO[1]	Russia	Energy	Caa1 B-	227.3	227.3	3.4	n/a	Insufficient cash available to cover short-term debt. The company has not been able to extend its debt maturity profile and will be challenged by refinancing needs through the year. In February, the group announced plans to issue bonds worth RUB 18bn in total.
Gallery Group[1]	Russia	Media	Ba3 NR	296.75	n.a.	46.8	4.8x	Deteriorating trading environment and tight liquidity position. Gallery has to meet a USD 8.859m coupon payment on its Eurobond semi-annually. Concerns over meeting these interest payments after 2H09. The company needs recapitalisation and external financing.
Rolf Group of Companies	Russia	Automotive	B3 B	800	160.0	225	2.2x	Concerns over company's liquidity position and the tight headroom under financial covenants. Rolf has no availability under its existing credit facilities.
MHP S.A.	Ukraine	Consumer: Foods	B2 NR	500	150.0	79	1.4x	Given the company's foreign currency denominated debt, MHP's ability to manage its leverage position and covenant compliance could be challenged in the upcoming quarters. Has short term debt of USD 88.7m versus USD 79m in available cash on balance sheet and USD 30.3m available under credit facilities.
Polski Koncern Naftowy Orlen S.A.	Poland	Energy	Baa3 NR	3,740	3,029.4	360	5x	In March 2009, PKN Orlen issued PLN 40m and EUR 15m of short-term notes to strengthen its liquidity position. Net leverage at end-December 2008 stood at 3.66x vs. 3.50x covenant test. PKN set to officially breach leverage covenant only when audited results are out.

Notes: All financial information as of 31 December 2008 unless otherwise stated.

[1] - Financial information as of 30 September 2008 for Alliance Bank, BTA Bank JSC, Gallery Group and Irkutskenergo. [2] - Financial information as of 30 June 2008 for Kazanorgsintez JSC.

Credit Events

Debtwire has compiled a list of emerging market corporates that have recently violated covenants on their debt.

This not only includes breaches of financial covenants and outright defaults but also measures taken to cure any breaches.

We have also decided to track distressed exchanges since they entail economic losses for bondholders and are a general signal of insolvency and future default risk.

Recent Credit Events – Asia

Status	Company	Country	Sector	Date	Notes
BREACHED	Sunshine Holdings Limited	China	Real estate	4Q07	The company breached financial covenants as of 31 December, 2007. Currently seeking standstill agreement with lenders.
BREACHED	FerroChina Limited	China	Industrials	2H08	Subsidiary breached a covenant relating to the pledge of onshore collateral to offshore lenders. It is in restructuring. E&Y was appointed as financial advisor.
BREACHED	Powerchip Semiconductor Corporation	Taiwan	Computer: semiconductors	2H08	Breached financial covenants on credit facility as of 30 June, 2008. Currently seeking extension of repayment deadline by six months.
BREACHED	Topsearch International (Holdings) Ltd	Hong Kong	Computer: semiconductors	2H08	Breached covenants relating to financial ratios and negative pledge undertakings in its facilities. In discussions with relevant banks to obtain waiver.
BREACHED	Skyfame Realty (Holdings) Limited	China	Real estate	3Q08	Breached various covenants of USD 200m convertible notes. Standstill arrangement reached with creditors. Currently seeking further extension as it expired on 3 April, 2009.
BREACHED	Davomas Abadi Tbk, PT	Indonesia	Consumer: Foods	1Q09	The company is in breach of the cash and accounts management agreement as of 7 January, 2009.
BREACHED	Transpacific Industries Group Ltd	Australia	Industrials	1Q09	Breached covenants on its private placement notes as of 27 February, 2009. An event of default was triggered.
CURED	Asian Seafoods Coldstorage Public Co Ltd	Thailand	Consumer: Foods	1Q08	The company obtained a waiver for the breach of financial covenants as of 31 March, 2008 after failing to comply with certain financial ratios as of 31 December, 2007
CURED	ProMOS Technologies Incorporated	Taiwan	Computer: semiconductors	2H08	The company breached financial covenants as of 30 June, 2008. It was granted a waiver in August 2008.
CURED	Gajah Tunggal Tbk, PT	Indonesia	Automotive	4Q08	Failed to comply with the financial covenants in its credit facility as of 31 December, 2008. It obtained covenant waiver on 16 March, 2009.
FILED	Octaviar Limited	Australia	Financial services	1Q08	Defaulted on its payment to investors on 31 January, 2008. Later appointed Deloitte as voluntary administer on 13 September, 2008.
FILED	Consult Asia Pte LTd	Singapore	Financial services	2H08	Defaulted on principal, redemption premium and interest payments on 30 June, 2008.
FILED	Xi'an Hengtong Guanghua Pharmaceutical Co Ltd	China	Medical: Pharma	2H08	The company defaulted on put payment for its convertible bonds on 30 May, 2008.
FILED	Bio-Treat Technology Ltd	China	Utilities	2H08	Notice of default was received in relation to SGD zero coupon convertible bond on 29 August, 2008.
FILED	Tack Fat Group Int'l Ltd	Hong Kong	Consumer: Other	3Q08	Defaulted on loan repayments on 13 August, 2008. Court appointed Ferrier Hodgson as provisional liquidator on 11 September, 2008.
FILED	3D-GOLD Jewellery Holdings Limited	Hong Kong	Consumer: Other	4Q08	Defaulted on interest payment. Court approved provisional liquidator on 17 October, 2008.
FILED	Mobile-8 Telecom Tbk, PT	Indonesia	Telco: carriers	4Q08	The company received a letter of default on 26 November, 2008 due to its failure to redeem bonds.
FILED	Magnachip Semiconductor Ltd	South Korea	Computer: semiconductors	4Q08	The company defaulted on credit agreement arranged by UBS AG on 21 November, 2008 after breaching minimum consolidated EBITDA covenant.
FILED	TT International Limited	Singapore	Consumer: retail	4Q08	Event of default on 7 November, 2008. In talks with bank creditors for a standstill arrangement.
FILED	FibreChem Technologies Limited	Singapore	Chemicals and materials	1Q09	Event of default triggered by the suspension of trading of its shares on 13 March, 2009.
FILED	China EnerSave Limited	Singapore	Energy	1Q09	The company and its subsidiary defaulted on their banking facilities. Several banks and financial institutions have filed demands for immediate repayment. Currently negotiating a standstill agreement.
FILED	Nylex Ltd	Australia	Consumer: Other	1Q09	Defaulted on its banking facilities on 9 February, 2009 after breaching certain financial ratios as of 31 December, 2008. Appointed Ferrier Hodgson as voluntary administrator.
DISTRESSED EXCHANGE	Olam International Limited	Singapore	Consumer: Foods	1Q09	Company completed an exchange offer on 27 March, 2009 where USD 157m of bonds were exchanged for USD 123m of 1.2821% convertible bonds due 2013.

Recent Credit Events – Latin America

Status	Company	Country	Sector	Date	Notes
BREACHED	Cemex	Mexico	Construction	4Q08 1Q09	The company allegedly breached its debt-EBITDA covenant at the end of 2008 and was compelled to restructure. Currently trying to refinance USD 4bn of short term debt coming due this year.
BREACHED	Quatro Marcos	Brazil	Consumer: Foods	4Q08 1Q09	QM reportedly tripped covenants on ABN loan months after it was granted. A workout proposal was recently presented. Creditor counterproposal in the works.
BREACHED	Transener	Argentina	Utilities	4Q08	As of 31 December, 2008, gross leverage ratio exceeded the max 3.75x allowed. The company will not be allowed to issue new debt or to distribute dividends.
CURED / BREACHED	GOL Linhas Aereas Inteligentes	Brazil	Transportation	4Q08 1Q09	GOL is currently negotiating a second waiver with the BNDES after violating covenants on a loan for the second time in four months.
CURED	Nova America	Brazil	Energy	2H08	Company violated covenants on its debt during 2008 and was forced to negotiate a waiver with debenture holders. Cosan and Nova America recently announced a planned merger.
CURED	Aracruz	Brazil	Manufacturing	1Q09	The company breached covenants on facilities amounting to BRL 1.6bn (USD 705m) after derivatives-related fallout.
FILED	Independencia	Brazil	Consumer: Foods	3Q08 4Q08 1Q09	Independencia filed for bankruptcy protection on 27 February, 2009 blaming a 50% drop in export revenues. The company retained KPMG and Arsenal as advisors.
FILED	Arantes	Brazil	Consumer: Foods	4Q08 1Q09	The company defaulted on its first coupon payment. It was granted bankruptcy protection on 12 January, 2009.
FILED	Vitro	Mexico	Consumer	1Q09	Vitro defaulted on its bond debt on 1 February, 2009. The company is currently negotiating with creditors and derivatives counterparties.
DISTRESSED EXCHANGE	TGN	Argentina	Utilities	4Q08 1Q09	TGN defaulted on USD 344m of debt in December. The company hired Barclays as its financial advisor. An offer to creditors is expected by mid-April, May.
DISTRESSED EXCHANGE	Cap Cana	Dominican Republic	Leisure	4Q08 1Q09	The company has extended the consent payment deadline for any and all of its outstanding 9.625% Senior Secured Notes due 2013 until 27 April, 2009.
DISTRESSED EXCHANGE	Infinity Bio-Energy	Brazil	Energy	1Q09	Infinity Bio-Energy is negotiating privately with its creditors while in talks with a strategic partner. Usina Santa Maria was rumoured to be a potential partner.
DISTRESSED EXCHANGE	Santelisa Vale	Brazil	Energy	1Q09	The company has recently settled its debt with smaller banks as a condition of its sale to Louis Dreyfus. The sale contract is under BNDES review.
DISTRESSED EXCHANGE	Unialco	Brazil	Energy	1Q09	Unialco recently mandated Santander to sell assets while the company focuses on privately reprofiling BRL 450m (USD 200m) of debt.
DISTRESSED EXCHANGE	Grupo Iusacell	Mexico	Telecom & cable	1Q09	In early-April, the company announced that its capacity to pay debt had been affected by MXN depreciation and began conversations to renegotiate foreign currency debt.

Notes: The list is not comprehensive.

Recent Credit Events – Emerging Europe

Status	Company	Country	Sector	Date	Notes
BREACHED	Finance Leasing Company (FLC)	Russia	Financial services	4Q08	FLC missed coupon payments on two bonds totalling USD 250m in December 2008. Bondholders plan to accelerate the notes.
BREACHED	EuroKommerz Factoring Company	Russia	Financial services	4Q08	Eurokommerz failed to cover put options on two rouble-denominated domestic bonds in December 2008. The company is in arrears on four local issues and its accounts are frozen because of legal claims in Russian courts.
BREACHED	Nutritek	Russia	Consumer: Foods	4Q08	Company failed to repay a USD 50m bond in December and sent a rescheduling proposal to noteholders. This triggered the cross-default clause on a USD 50m issue due April 2009. Nutritek has covered payments on a RUB 1.2bn (USD 36m) domestic bond.
BREACHED	Moscow Region Mortgage Agency (MOIA)	Russia	Financial services	4Q08	A RUB 5bn (USD 150m) domestic bond was suspended by a Moscow city court in December pending a police investigation. Moscow's regional government says it cannot cover payments during the suspension.
BREACHED	RTM Group	Russia	Construction	4Q08	Missed a coupon payment on a USD 55m CLN in November, triggering the cross-default clause on a USD 140m 12% CLN due in 2011. Lenders are enforcing on security.
BREACHED	Polski Koncern Naftowy Orlen SA	Poland	Energy	4Q08	PKN Orlen's FY08 results will show a breach of its leverage covenant. Seeking a waiver from lenders.
BREACHED	Ciech Group SA	Poland	Chemicals and materials	4Q08	Ciech is seeking to restructure its debt and is discussing asset sales. PLN 437m (USD 132m) of long-term liabilities were reclassified as short-term debt after accelerations triggered by breaches of net leverage and debt service coverage ratios.
BREACHED	Amtel-Vredestein N.V	Netherlands/ Russia	Automotive	4Q08	Two of Amtel-Vredestein's creditor banks filed claims totalling RUB 1,026m (USD 35.2m) against the company. A district court has granted preliminary suspension of payments.
BREACHED	Bank Nadra OJSC	Ukraine	Financial services	4Q08 1Q09	On 10 February the bank was placed under temporary National Bank of Ukraine administration for one year. Nadra has missed payments on some deposits and letters of credit.
BREACHED	RBC Information Systems OAO (RBC)	Russia	Media	1Q09	RBC defaulted on a RUB 1.5bn commercial paper issue in March. In talks to restructure debts including USD 145m of credit-linked notes.
BREACHED	Amurmetal OJSC	Russia	Industrials	1Q09	Amurmetal failed to redeem its RUB 1.5bn bond due on 26 February. On 14 April, the company placed a RUB 6bn (USD 180m) bond with an 18% coupon to replace its three outstanding domestic bonds.
BREACHED	Rodovid Bank	Ukraine	Financial services	1Q09	On 17 March, the bank was placed under the temporary administration of the National Bank of Ukraine.
BREACHED	Mirax Group	Russia	Real estate	1Q09	The company was not able to repay a USD 200m credit facility due in February 2009. Mirax is in ongoing debt restructuring negotiations with lenders.
BREACHED	Moscow Regional Investment Trust Company (Mosobltrustinvest)	Russia	Financial services	1Q09	The organisation missed a put option on a RUB 4bn domestic bond on 26 March. It is now working on a draft proposal to reschedule payments to creditors.
BREACHED	S7 Airlines Group (Formerly Siberia Airlines OJSC)	Russia	Transportation	1Q09	S7 Airlines failed to service a put option on its RUB 2.3bn (USD 63.8m) domestic bond on 3 February. On 26 March, the company announced that it has restructured bonds worth a total of RUB 1.335bn (USD 39.7m).
BREACHED	GAZ Group	Russia	Automotive	1Q09	GAZ Group failed to meet a RUB 4.88bn (USD 140.8m) offer on its bond on 12 February and could not sign an agreement with its bondholders by 12 March. The company faces lawsuits from creditors.
BREACHED	Siberian Services Company ZAO (SSK)	Russia	Energy	1Q09 2Q09	The company failed to cover a put option on its USD 100m CLN on 27 March 2009 and failed to make payment within the week-long grace period.
FILED	Kremikovtzi AD	Bulgaria	Industrials	2Q08	The trustee of Kremikovtzi's EUR 325m 12% 2013 bond accelerated the notes in April 2008. An appeal court ruled the steel mill has been insolvent since June 2008.
FILED	Marta Group	Russia	Consumer: retail	3Q08 4Q08	Subsidiary Marta Finance has filed for bankruptcy. The company has defaulted on several coupon payments and has missed two put options.

Recent Credit Events – Emerging Europe

DEBTWIRE

Status	Company	Country	Sector	Date	Notes
FILED	Global Investment House KSCC	Kuwait	Financial services	4Q08	The company was unable to meet a USD 200m syndicated loan repayment due on 15 December 2008. Currently in ongoing debt restructuring negotiations.
FILED	Arbat Prestige	Russia	Consumer: retail	1Q09	Arbat & Co, a subsidiary of Arbat Prestige, filed for bankruptcy on 13 March. The Moscow Arbitration Court appointed Anatoly Danilenko as the temporary administrator of the company until 23 August.
FILED	KB Finansy i Kredit	Ukraine	Financial services	1Q09	On 19 March, the bank defaulted on a USD 70m syndicated loan payment to a pool of creditors.
FILED	Elektrim SA	Poland	Industrials	2Q05	Elektrim filed for bankruptcy on 16 May 2005.
DISTRESSED EXCHANGE	Intergas Central Asia	Kazakhstan	Energy	4Q08	The company bought back up to USD 100m of its USD 250m bond due 2011; tendered for the notes at a price no lower than 78 and no higher than 85
DISTRESSED EXCHANGE	Interpipe Corporation	Ukraine	Energy	4Q08	The company tender price for USD 200m Eurobond due 2010 was set at 47% of par.

Notes: The list is not comprehensive.

Debtwire reports

For further information please contact: **Debtwire, 11 West 19th Street, 2nd Floor, New York, NY 10011 Tel: +1 (212) 686-5374**

Going Local

With the credit crunch freezing foreign currency issuance from the emerging markets, developed local capital markets have become an increasingly important source of financing for the private sector.

Latin American and Asian economies that did their homework and built viable domestic markets with long-term institutional demand are reaping significant dividends from that foresight. Emerging Europe ex-Russia has generally lagged this trend and is suffering from the classic foreign currency mismatch that has chronically plagued the emerging markets in the past. Across all three regions, local financing remains segmented with only top-notch credits able to issue at will.

In the heady days of 2007, emerging market crossborder new issuance peaked at USD 153.7bn, according to research by Deutsche Bank. New supply tumbled by two-thirds last year to just USD 54bn. So far, 2009 looks headed for yet another decline with only sovereigns, quasi-sovereigns and the "bluest of blue chips" able to access the market.

Pemex, the Mexican state-owned oil company, recently placed a benchmark MXN 10bn (USD 763m) bond while in Brazil last week, Tractebel Energia, the utility controlled by Suez, issued a BRL 600m two-year debenture.

Russian Railways (RZD), the Russian state-owned freight and railroad company wrapped up its second placement of rouble denominated debt with gas giant Gazprom and Federal Grid Company, Russia's electric grid operator, both currently marketing new issues.

In Asia, the Aluminum Corp of China (Chinalco) was able to obtain a USD 21bn in credit line to finance its acquisition of Australia's Rio Tinto. But not all corporates have the access they want to local investors.

India's Tata Motors has had trouble raising USD 500m in the local market to take out part of a bridge loan it used to finance its acquisition of the UK's Jaguar Land Rover.

Pockets of liquidity

Cemex, the troubled Mexican cement multinational with over USD 4bn of maturities coming due this year, couldn't place debt in the local certificados market in sufficient size. However, earlier this week the company refinanced a small MXN 485m (USD 36.9m) short term certificado bursatil, paying 12.75% or 669bp over the short end of the government curve.

The volume of long-term peso denominated certificado bursatiles in Mexico has grown steadily over the last eight years. From a 2001 low of MXN 14.19bn (USD 1.08bn), in 2008 local issuers were able to place MXN 168.6bn (USD 12.9bn) in long-term peso-denominated debt. However, short term certificados continue to dominate the primary market with over MXN 370bn (USD 28bn) in issuance recorded last year, according to Banamex, a Mexican bank.

Brazil's local debt market saw total debt issuance peak at BRL 146.9bn (USD 66.6bn) in 2007 before falling back to BRL 101.9bn (USD 46.2bn) last year, according to the CVM the local securities regulator. Given the recent spate of volatility, issuers have preferred to tap short term floating rate financing and wait for better rates, a local syndicate manager said.

For cheap long term local currency financing, the market has relied on the BNDES, Brazil's huge state development bank. The BNDES has also had to wear a number of hats recently, riding to the rescue of the beleaguered meat sector and providing corporates with export credit lines that totaled BRL 6.59bn last year. In 2009, the BNDES is expected to lend over BRL 100bn, most of it focused on infrastructure development. However, the bank will continue to provide credit to non traditional areas until market conditions normalize.

In Asia, Chinese banks are flush with liquidity as are domestic institutional investors such as pension and mutual funds. The local bond market has been thriving in the past few years as domestic banks ease the credit squeeze on local borrowers. "Local banks in China are under instructions to do whatever they can to help support employment and they are in some cases under tremendous pressure to lend," even to stressed companies, said a Shanghai-based banker.

Certainly, there is support from Chinese banks for particularly state-owned companies' acquisitions of assets that are deemed strategic to China's interests. The USD 21bn Chinalco transaction "underscores the deep pools of liquidity [available] in China," said the Shanghai-based banker.

Private sector borrowers have also been able to tap Chinese banks for funds. APP China Group has been successful in obtaining localy a significant portion of the USD 500m it was seeking to "take-out" the pulp and paper company's offshore creditors, sources familiar with the situation said.

Chinese property companies – the most stressed sector in the People's Republic – have also been able to obtain loans from banks and local bond markets. Indeed some property companies have been rumored to be in advanced talks with their bankers to obtain loans to fund debt buybacks.

Until the global financial crisis arrived, Indian corporate bond issuance had been booming. The total amount of rupee issuance in 2008 was equivalent to around USD 5.5bn, the largest for any year ever, according to Crisil, the Indian rating agency.

However, the Indian market is now less forgiving. Investors have suffered significant losses on their fixed income investments in the past year while the Satyam scandal focused attention on India's poor corporate governance standards. Meanwhile, the loan market is less welcoming even for blue chip conglomerates such as the Tata and the Reliance groups of companies as domestic banks' credit lines to these entities are full.

The silver lining is that thanks to a sharp fall in local interest rates, local banks are awash with funds. Speculation has recently emerged that banks might provide Indian blue chip corporates with short term financing to purchase their outstanding US dollar straight and convertible bonds at deep discounts.

Currency arb opportunity

In Russia, after more than a year of stagnation and technical 'non-market' placements, there are signs of life. The success of RZD's RUB 45bn in domestic bonds gives cause for optimism, said one Moscow-based credit analyst. The latest deal offers arbitrage opportunities because the issue is included on the CBR's Lombard List of bonds eligible for repo with the central bank, he said. The demand for the paper also suggests investors believe rouble depreciation is abating. The decline in the rouble this year prompted many local investors to load up on short-dated, US dollar-denominated Eurobonds instead.

An investor's ability to repo a rouble bond with the CBR is an important consideration. Federal Grid Company, which manages Russia's national electricity grid, wants to raise around RUB 15bn-RUB 20bn this year. Its deputy chairman, Alexander Chistyakov, remarked in February that the only practical way to do this on the bond market would be to ensure its debt was eligible for repo with the CBR.

Russia remains an island of liquidity in EMEA. Domestic markets in Ukraine and Kazakhstan lack the depth and volume to meet companies' large-scale funding requirements.

Even Latin American local markets have their limits. In Mexico, institutional investors have to contend with a local investment grade ratings threshold and the market is not deep enough to refinance 2009-2010 maturities, an analyst said. Brazilian issuers can rely on their local market for size and more complex offerings like securitizations but interest rates and placement fees remain high, another analyst said.

The Indonesian domestic market also offers little hope for cash strapped corporates seeking to raise funds in amounts larger than IDR 500bn (USD 50m), according to Indonesian bankers. "Historically, only state-owned companies that are important to the country, such as PLN [the electrical power distributor] can tap the market for more than IDR 1trn [USD 100m]," said an investment banker at a leading Indonesian securities company.

By Gabriel de Sanctis and Nick Briggs in London and Luc Mongeon in Singapore.

Sector Analysis

This month:
Brazilian beef /poultry sector

For further information please contact: **Debtwire, 11 West 19th Street, 2nd Floor, New York, NY 10011 Tel: +1 (212) 686-5374**

Date: 16 April, 2009
Analysts: Andrea Cano (andrea.cano@debtwire.com) / Valeria Seifert (valeria.seifert@debtwire.com) + 1 212 500 1385
Attila Takacs (attila.takacs@debtwire.com) +44 20 7059 6167 / Melvin Lee (melvin.lee@debtwire.com) + 852 2158 9728

Latam/Brazil: Arantes, Bertin, Frigorifico Margen, Grupo Marfrig, Independencia, JBS, Quatro Marcos, Minerva and Sadia
Emerging Europe: MHP S.A. (Ukraine)
Asia: Charoen Pokphan Foods Public Company Limited (Thailand)

Business **Protein producers/exporters**

INTRODUCTION: Debtwire has provided the following overview and analytics of different protein producers in Latin America, Emerging Europe and Asia.

LATAM / BRAZIL SNAPSHOT: During recent years Brazilian beef producers have expanded internationally through acquisitions with several issuing USD denominated debt to finance expansion. In 2007 JBS became the largest Brazilian multinational food company and the largest beef sector company in the world after the acquisition of Swift & Co. The last Brazilian beef producer to come to market was Arantes in June 2008 which subsequently defaulted on its first coupon payment just a few months later. As liquidity drained last year and exports began to falter due to weak demand, the sector came under duress. Smaller players such as Margen and Quatro Marcos were the first ones to show signs of weakness. Local cattle prices fell and the companies were adversely affected by the abrupt BRL depreciation. Independencia, a company with stellar EBITDA margins in the past, surprised the market by filing for bankruptcy on 27 February 2009. Since then JBS, Bertin, Marfrig and Minerva bonds have come under pressure. According to recently released 4Q08 figures JBS and Bertin seemed to enjoy a better liquidity situation with USD 980.9m and USD 1,024.7m in cash and cash equivalents respectively compared to USD 458.7m for Marfrig and USD 199.7m for Minerva. JBS and Marfrig exhibited both lower gross leverage figures of 4.9x each compared to 8.0x for Bertin and 9.2x for Minerva. JBS has 40% of its total debt coming due in 2009 (but recently, has successfully rescheduled some short term maturities), Bertin has 27%, Marfrig 29% and Minerva 25%. Debtwire recently reported that JBS and Marfrig could be interested in targeting local distressed assets in lieu of entire companies in the sector, and could also target assets in regions where they do not operate. A consolidation trend is in the works with plenty of cheap/ distressed assets. The Brazilian government considers the food industry a strategic sector and the BNDES has became a stakeholder in several meat producers in the past years (JBS, Bertin, Marfrig and Independencia). The government has reportedly encouraged the merger Sadia and Perdigao, the former negatively affected by forex derivatives losses. The two are the largest poultry producers in Brazil.

EMERGING EUROPE / UKRAINE SNAPSHOT: After seven years of fast growth, the Ukrainian economy has been affected by the global economic crisis. Despite the unstable economic situation, demand for poultry remains in line with expectations. Imports represented 20% of Ukrainian meat consumption in 2008. During the first 10 months of 2008, about 400,000 tons was imported – twice the amount in 2007 – and most was poultry. As of early October prices for live weight pigs showed a slight decrease but poultry meat remained the cheapest source of animal protein in Ukraine. It has the lowest production cost compared to other types of meat, mainly as a result of a decrease in corn prices. Poultry meat also has huge potential for further growth as a substitute for imported meat and more expensive beef and pork.
In the first 10 months of 2008, Ukraine produced 618,000t of poultry, 524,000t of pork and 340,000t of beef. The main Ukrainian domestic meat producers are MHP SA, Agromars Complex, Ptahocombinat Dniprovsky and Ruby Rose Agricole. *Myronivsky Hliboproduct* (MHP SA) remains the biggest and the most dynamic company in the market. In 2008, MHP finished an internal restructuring process, increasing statutory funds by 23.4 per cent through an IPO on the London Stock Exchange (LSE). Agromars – the second largest poultry producer in the country – is much smaller than MHP and shows no signs of ambitious country-wide expansion. The company is slowly absorbing the Kurgansky Broiler after its friendly takeover in 2006 and trying to increase supplies from two major production hubs in its possession. The financial crisis had caused Agromars Complex to partly suspend the implementation of some investment projects to expand production facilities. In particular, the company has frozen the construction of some facilities.

ASIA / THAILAND SNAPSHOT: Amid the global economic slowdown, Thailand's economy recorded a drop of 4.3 percent during the fourth quarter of 2008. Economic growth in 2009 is forecasted to range from –1% to 0%. Thailand is the world's largest supplier of frozen shrimp and a major exporter of chicken. The Thai National Food Institute predicts food exports will fall by 13% in 2009 due to weak global demand and deteriorating consumer spending in the US, EU and Japan. In 2008, food and agricultural exports from Thailand exceeded USD 38bn, up 23% YoY. Meanwhile, Yukol Limlaemthong, director-general of the Livestock Development Department, said Thailand's poultry exports are expected to record flat growth in 2009 to 400,000t, with about THB 48bn (approximately USD 1,300m) in value. Previously, the total value of Thailand's exported livestock, comprising chicken and poultry, amounted to USD 852m in 2005, USD 1,022m in 2006, USD 1,162m in 2007 and USD 1,247m in 2008. In addition to the challenge posed by shrinking demand, the industry also faces constant threat of avian influenza. The threat re-emerged last year after China and Vietnam both reported fatal human inflections with the H5N1 virus. After the bird flu outbreak first emerged in 2004, Thailand exports only precooked chicken, instead of raw chicken. In addition, the country was selected by the OIE (the World Organization for Animal Health) as a pilot country for the

COMPANY	CAPACITY	BUSINESS
JBS	65,200h/d, 47,900 pork/d, 20,500 smalls/d Countries: ARG / AUS / BR / Italy / USA	Largest Brazilian multinational food company and largest beef-sector company in the world after the 2007 acquisition of Swift & Co. JBS follows a diversified protein strategy, producing chilled, fresh and processed beef, fresh and chilled pork as well as by-products. The company also has operations in the transportation segment. JBS is divided into four food divisions (Brazil, Argentina, US and Australia) and one transportation division. JBS operates 25 slaughtering plants (19 in Brazil, 6 in Argentina, 8 in USA and 10 in Australia); 6 cattle feedlots (5 in Australia and 1 in Brazil); 2 canned production plants and 1 beef jerky plant in Brazil; 1 can making company in Argentina; 3 pork plants, 1 case ready beef, 1 lamb plant, 1 wet blue leather plant, 2 beef jerky plants and 11 feed yards in the U.S. and 10 production plants in Italy.
Sadia	Birds 963.3 million / year Pork 6.3 million / year Cattle 400.0 thousand / year Industrialized products 1450 thousand tons / year BR	Leading producer of chilled and frozen foods. The company is organized into four operational units: (i) processed products, (ii) poultry (chickens and turkeys), (iii) pork and (iv) beef. The industrially processed products segment has been the principal focus in recent years. Sadia operates 12 industrial plants in Brazil and 14 distribution centers. The company reported its first annual lost in 64-years of history in 2008 due to financial losses from forex derivatives and the abrupt depreciation of the BRL. The company is currently under merger talks with Perdigao. In 2006 Sadia revoked its offer to buy Perdigao after repeated rejections.
Bertin	15,000 h/d Countries: BR/ Paraguay/ Uruguay	Privately held Bertin follows a vertical integration strategy and it is organized in nine divisions: (i) Farming and cattle raising, (ii) Food, (iii) Biodiesel, (iv) Cosmetics, (v) Leather, (vi) Individual protection equipment, (vii) Hygiene and cleanliness, (viii) Industrial Hygiene and (ix) Pet products. As per infrastructure the company has operations in civil construction, basic sanitation, energy and transportation segments (to include a resort). Bertin has its most significant operations in beef (it does not follow a diversified protein strategy) as well as in leather and more recently in the dairy sector following the acquisition of Vigor. Bertin has focused on a strategy to increase the share of value added products. As of the 3Q08 the product mix was 49.8% commodities and 50.2% value added products. The company operates 42 facilities in Brazil and abroad (slaughterhouses, industrial plants, pet products plants and tanneries).
Marfrig	21,100 h/d, 4,200 hogs/d, 8,400 lamb/d, 1,716,000 chicken/d, 1,500 hides/d Countries: ARG/BR/Chile / UK/ USA/Uruguay	Marfrig is a food company focused on the processing and distribution of frozen and chilled boneless beef and industrialized products and by-products. Like JBS, Marfrig follows a diversified protein strategy. Their product mix includes traditional and special meat cuts, cooked, frozen, cured, dehydrated (jerked beef), ready made meals, pre-cooked frozen potatoes, lamb, vegetables, chicken, pork, fish and pasta. The company operates 18 cattle slaughtering units (9 in Brazil, 5 in Argentina and 4 in Uruguay), 30 processing plants (12 in Brazil, 5 in Argentina, 3 in Uruguay, 1 in the U.S. and 9 in Europe), 3 lamb slaughtering units (Chile and Uruguay), 3 hog slaughtering units (Brazil), 10 chicken slaughtering units (7 in Brazil and 3 in Europe) and 2 trading houses (Chile and UK). There is also a distribution center and a tannery in Sao Paulo, Brazil. The company started domestic lamb production in Brazil on April 2009.
Independencia	9,500 h/day 10,000 hides Countries: BR/Paraguay	Independencia is one of the largest exporters of unprocessed beef. The company also produces pork and meat by-products, leather, biodiesel, organic fertilizers and has logistics operations. The company is present in 7 states in Brazil as well as in Paraguay, operating: 14 slaughtering and deboning units, 3 tanneries, 2 dry and salted beef units, 5 biodiesel production modules, 5 cold and dry storage and distribution centers. The company filed for Chapter 11-style bankruptcy protection in Brazil and Chapter 15 in NY Southern District on 27 February 2009 blaming a 50% export revenue plunge. Since the company has closed plants and fired thousands of workers.
Minerva	6,600 h/d, 5,000 hides/d BR/Paraguay	Minerva is a leading producer and seller of beef, leather and live cattle. The company operates 7 slaughtering and deboning plants, 2 tanneries as well as distribution centers in 4 Brazilian states and in Paraguay.
Arantes	4,000 h/d BR	Arantes processes and sells fresh beef products, including frozen and chilled beef products. The company defaulted on its first coupon payment on 19 December 2008 and was granted bankruptcy protection on 12 Jan 2009. The case is now registered at Sao Jose do Rio Preto court after an initial filing in Nova Monte Verde that originated a jurisdiction fight between the company and the creditors.
Margen	10, 700 h/day BR	Margen commercializes fresh beef, by-products and other meats (to include ostriches). The company filed for bankruptcy protection on 31 October 2008. The company failed to present a restructuring plan by late March 2009 as expected and was granted additional time by the Brazilian court.
Quatro Marcos	5,000 h/day BR	Privately held Quatro Marcos is engaged in the production of beef and leather. The company filed for bankruptcy protection on 29 December 2008 and submitted a reorganization plan to creditors during the second week of March. A counterproposal is in the works.
		EMERGING EUROPE and ASIA COMPS:
MHP S.A.	Ukraine	MHP S.A. is one of the leading agro-industrial companies in Ukraine, focusing on the production of chicken meat under the brand name 'Nasha Ryaba' and, to an increasing extent, the cultivation of various grains. It is the leading poultry company in Ukraine, accounting for approximately 40% of all chicken meat commercially produced in Ukraine in 2008. The company has an important and expanding grain operation, with what management believes to be one of the largest agricultural land portfolios in Ukraine. On aggregate, MHP leases approximately 180,000 hectares of land for its operations. In addition, MHP produces and sells sunflower oil as a by-product of its fodder production, as well as beef, sausages, cooked meats, convenience food products, goose meat, foie gras, fruit and potatoes.
Charoen Pokphan Foods	Thailand	Charoen Pokphand Foods is the leading agro-industrial and food conglomerate in Thailand. Its operations cover the entire cycle of the agro-industrial sector, ranging from sourcing raw materials for animal feed production, manufacturing animal feeds, breeding animals, farming animals for commercial purpose, processing meat and manufacturing processed food products, to distributing products to domestic and international consumers. It has two main business lines, livestock business, comprised of chicken, duck and swine, and the aquaculture business, comprising shrimp and fish.

Date: 16 April, 2009
Analysts: Andrea Cano (andrea.cano@debtwire.com) / Valeria Seifert (valeria.seifert@debtwire.com) + 1 212 500 1385
Attila Takacs (attila.takacs@debtwire.com) +44 20 7059 6167 / Melvin Lee (melvin.lee@debtwire.com) + 852 2158 9728

Latam/Brazil: Arantes, Bertin, Frigorifico Margen, Grupo Marfrig, Independencia, JBS, Quatro Marcos, Minerva and Sadia
Emerging Europe: MHP S.A. (Ukraine)
Asia: Charoen Pokphan Foods Public Company Limited (Thailand)

Business **Protein producers/exporters**

OUTSTANDING BONDS

Company	USD m	Maturity	Coupon	Company Rating
JBS	278.91	07/02/2011	Exchange rate variation + 9.375%	B1 / Stable (Moody´s) / B+ / Negative (S&P)
JBS	305.12	04/08/2016	Exchange rate variation + 10.50%	B1 / Stable (Moody´s) / B+ / Negative (S&P)
Sadia	256.12	2017	6.88%	B2 / Negative (Moody´s) / BB / Negative (S&P)
Bertin	350.00	05/10/2016	10.250%	Ba3 (Moody´s) / NR
Marfrig	345.31	30/11/2016	9.625%	B1 / Negative (Moody´s) / B+ / Negative (S&P)
Independencia	300.00	15/05/2015	9.875%	Ca (Moody´s) / D (S&P)
Independencia	225.00	21/01/2017	9.875%	Ca (Moody´s) / D (S&P)
Minerva	203.22	2017	Exchange rate variation + 9.5%	NR (Moody´s) / B / Stable (S&P)
Arantes	150.00	12/06/2013	10.25%	Ca (Moody´s) / NR (S&P)
Frigorifico Margen	n.a.	n.a.	n.a.	NR (Moody´s) / NR (S&P)
Quatro Marcos	n.a.	n.a.	n.a.	NR (Moody´s) / NR (S&P)
EE and Asia:				
MHP S.A.	250	30/11/2011	10.25%	B3/Stable (Moody's) / NR (S&P)
Charoen	99	17/11/2009	5.5%	A+ / Stable (TRIS)
Charoen	57	16/06/2010	5.0%	A+ / Stable (TRIS)
Charoen	142	05/07/2009-05/07/2011	6.3%-6.9%	A+ / Stable (TRIS)
Charoen	171	19/10/2010-19/10/2012	4.25%-4.90%	A+ / Stable (TRIS)
Charoen	171	15/08/2011-15/08/2013	5.15%-5.70%	A+ / Stable (TRIS)

LATIN AMERICA / BRAZILIAN SECTOR BACKGROUND:

BUSINESS: Brazil has become the largest worldwide exporter of beef since 2004, thanks to increases in output and low production costs. The reduction of sanitary/trade restrictions also contributed to the growth of Brazilian beef exports since 2000 according to industry reports. Brazil's share of total global beef exports was 23.8% for 2008 according to USDA figures even when taking into account the embargo on imports imposed by some importing countries due to foot-and-mouth disease (FMD) concerns in the states of Mato Grosso do Sul (2005) and Paraná (2006). For 2009, USDA forecasts a 4.4% decrease in global exports, a 7.0% fall in Brazilian exports and a 5.0% fall in Argentine exports. The U.S. was still ranked the world's largest beef producer in 2008, with output of 12.2m tons per year, followed by Brazil with 9.0m tons. Argentina ranked 5th (3.1m tons) while Australia came in 8th (2.2m tons).

PLAYERS: Family-owned companies that began with one small facility (slaughterhouse, butcher shop, etc) 30-60 years ago and grew their businesses organically and/or through acquisitions dominate the sector in Brazil. Consolidation is already taking place in the sector similar to that experienced in the Brazilian poultry a few years ago. Brazilian meat producers have also expanded to neighboring countries and more recently to the U.S., Europe and Australia.

SANITARY CONCERNS: FMD and mad cow disease (BSE): The FMD outbreak in October 2005 in the state of Mato Grosso do Sul did not affect exports as expected as it was offset by higher sales to the Middle East and South Asia that more than compensated lower sales to the EU and Russia. Still FMD prevents the sale of fresh beef to the U.S. and North Asia. By moving production to FMD-free states in Brazil and by also acquiring companies in countries like Uruguay, the only Mercosur member allowed to export fresh meat to the US, local companies have diversified the location of slaughterhouses as a way to minimize FMD exposure. Other examples of countries where Brazilian fresh beef is banned on sanitary-related issues include Japan and Mexico. Processed meat products are not restricted. South America is a BSE free zone because free range grass-fed animals cannot contract the illness. BSE disease is fatal to humans.

EMERGING EUROPE / SECTOR BACKGROUND:

BUSINESS: Ukraine domestic poultry production is expected to continue to increase in 2009, but at a slower rate. Poultry producers are looking toward future markets for their product which appear to be in Central Asia. Insignificant imports of Ukrainian poultry products by Kazakhstan in 2008 yielded no profits to exporters and had no economic impact given high domestic prices. But it represented an attempt to establish market connections abroad and a desire to concentrate on them in the future. Over time U.S. poultry exporters may find an unexpected competitor for the Former Soviet Union (FSU) Asian markets. It is also clear that Ukraine is exploring the possibility of expanding to Russia, to establish markets there but political factors may inhibit this development.

PLAYERS: Ukrainian domestic production of poultry continues to be highly concentrated with two vertically integrated companies (MHP SA and Agromars Complex) dominating the market and controlling approximately 70% of production. In 2008, both companies invested significant resources into further integration. Sizable investments went for arable land acquisitions to produce company-owned fodder crops and for semi-cooked poultry product processing facilities. Significant resources also continued to be spent on simple expansion through newer and bigger production facilities and slaughterhouses.

SANITARY CONCERNS: An avian Influenza (AI) outbreak was registered in Ukraine in mid-January 2008. This year's outbreak, like the previous one, caused no significant impact on poultry consumption in the country. It looks like Ukrainian consumers are minimally interested in AI topic and only a serious outbreak may impact consumption of poultry products.

ASIA / SECTOR BACKGROUND:

BUSINESS: Thailand's poultry industry has been moving towards vertical integration in the last few years mainly due to the need to comply with stringent requirements for food safety from the European importers. Since 2004, most large companies have switched their production towards precooked products as frozen broiler meat has been banned by most importers due to avian influenza. The transition from raw chicken to precooked chicken required additional investment and many small players in the industry were forced out of business due to the lack of capital. This has significantly benefited the bigger players such as Charoen. Furthermore, due to the higher labor costs and higher feed prices relative to its neighbors China and Vietnam, Thailand's exporters have been moving towards higher value-added products such as precooked chicken. Japan and the EU remain Thailand's major importers.

PLAYERS: As the industry undergoes consolidation, triggered by stringent quality standards and the benefits from economies of scale, the number of producers diminishes even though the sector as a whole continues to expand. Charoen is among one of the most dominant players in the industry. Other poultry producers include Bangkok Ranch PCL, which engages in raising and slaughtering of ducks, GFPT PCL, which engages in integrated poultry business, and S. Khon Kaen Food industry PCL, which engages in the production and distribution of processed food products.

SANITARY CONCERNS: Chances of another severe drop in demand for exports similar to 2004 should be relatively low thanks to the transition to precooked products. Although Thailand has recorded further avian influenza outbreaks and fatal human infections in recent years, these incidents did not curb the growth of poultry product exports.

LARGEST BEEF CONSUMERS (kilos per capita)	
Argentina	69.3
Uruguay	54.6
USA	41.2
Brazil	37.2
Australia	34.7
Canada	32.2
Mexico	24.1
Russia	16.3
EU	16.0
Japan	9.3

LARGEST BEEF PRODUCERS

	2008	2008	2009 f	Chg
USA	12.2	20.8%	12.1	-0.5%
Brazil	9.0	15.4%	9.4	-1.0%
EU-27	8.1	13.8%	8.2	1.2%
China	6.1	10.4%	6.0	-1.6%
Argentina	3.2	5.4%	3.0	-4.4%
India	2.5	4.2%	2.5	0.2%
Mexico	2.2	3.8%	2.2	0.2%
Australia	2.2	3.7%	2.2	2.1%
Canada	1.3	2.2%	1.3	4.3%
Others	11.9	20.3%	11.3	-5.1%

LARGEST BEEF EXPORTERS

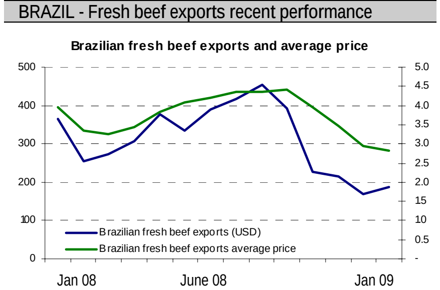
	2008	2008 (%)	2009F	Chg
Brazil	1.8	23.8%	1.7	-7.0%
Australia	1.4	18.6%	1.3	-4.1%
USA	0.86	11.3%	0.82	-3.5%
India	0.62	8.3%	0.60	-4.0%
New Zealand	0.53	7.0%	0.52	-1.5%
Canada	0.49	6.5%	0.52	6.3%
Argentina	0.42	5.6%	0.40	-5.0%
Uruguay	0.36	4.8%	0.35	-3.0%
Paraguay	0.23	3.1%	0.24	5.6%
Others	0.83	11.0%	0.73	-12.1%

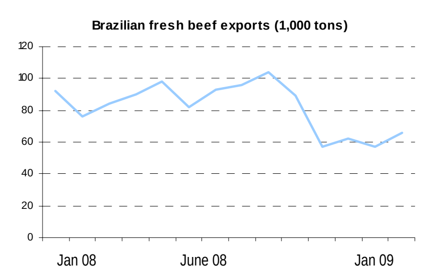
LARGEST BEEF IMPORTERS

	2008	2008 (%)	2009 f	Chg
USA	1.2	16.8%	1.3	9.1%
Russia	1.1	16.6%	1.07	-5.5%
Japan	0.66	9.6%	0.66	0.2%
EU-27	0.46	6.8%	0.50	8.0%
Mexico	0.41	6.0%	0.35	-14.2%
Venezuela	0.31	4.7%	0.25	-21.9%
Korea	0.29	4.3%	0.25	-13.6%
Canada	0.23	3.4%	0.24	2.2%
Egypt	0.21	3.0%	0.21	0.0%
Others	1.96	28.8%	1.84	6.5%

Source: USDA Preliminary data for 2008 (April 2009).

BRAZIL - Fresh beef exports recent performance





Source: Secex (Secretary of Foreign Trade Brazil).

Date: 16 April, 2009
Analysts: Andrea Cano (andrea.cano@debtwire.com) / Valeria Seifert (valeria.seifert@debtwire.com) + 1 212 500 1385
Attila Takacs (attila.takacs@debtwire.com) + 44 20 7059 6167 / Melvin Lee (melvin.lee@debtwire.com) + 852 2158 9728

DEBTWIRE

Latam/Brazil: Arantes, Bertin, Frigorifico Margen, Grupo Marfrig, Independencia, JBS, Quatro Marcos, Minerva and Sadia
Emerging Europe: MHP S.A. (Ukraine)
Asia: Charoen Pokphan Foods Public Company Limited (Thailand)

Business **Protein producers/exporters**

FINANCIAL INFORMATION - 2008 (USD m)

	Revenues	Exports	%[1]	Natura	%[1]	Gross Mg	EBITDA	EBITDA %
JBS	13,314.6[3]	4,416.6	33%	n.a.	90%[2]	9.9%	494.9	3.8%
Sadia	5,218.7[3]	2,390.7	46%	2,703.2	52%	24.4%	498.3	10.9%
Bertin	3,229.3[4]	1,279.7	45%	n.a.	n.a.	20.2%	297.4	10.5%
Marfrig	2,655.5[4]	1,237.5	46%	1,804.4	68%	21.4%	378.5	14.3%
Independencia [5]	788.9	406.7	51%	n.a.	na.	16.9%	119.4	15.1%
Minerva	988.3[3]	628.6	64%	n.a.	n.a.	17.9%	65.7	7.2%
Arantes [6]	463.4	129.7	28%	n.a.	n.a.	20.9%	63.2	15.4%
MHP	637	n.a.	n.a.	n.a.	n.a.	n.a.	283.0	44.0%
Charoen	4,440.7	1,424.0	32%	n.a.	n.a.	2.2%	228.1	5.1%

Notes: [1] as % of revenues // [2] 90% of volume sold // [3] Gross Revenues // [4] Net revenues // [5] LTM figures as of 30 September 2008. [6] 9M08

FINANCIAL INFORMATION - 2008 (USD m)

	Total Assets	Current Assets	Cash	Debt	Net debt	% USD Debt	%Short term Debt / Debt
JBS	6,889.9	1,282.9	980.9	2,404.1	1,423.2	49%	39.4%
Sadia[1]	5,846.4	3,269.1	1,502.2	4,499.9	2,997.7	67%	39.6%
Bertin	4,566.7	2,181.7	1,024.7	2,374.3	1,349.6	n.a.	26.9%
Marfrig	3,918.8	1,870.7	458.7	1,846.4	1,387.7	82%	28.6%
Independencia	1,511.1[3]	n.a.	25.3[2]	1,257.1[2]	1,231.8[2]	n.a.	n.a.
Minerva	863.9	517.7	199.7	603.5	398.8	81%	25.4%
Arantes[3]	560.6	n.a.	65.3	401.0	335.7	n.a.	n.a.
MHP	1,359.1	473.8	107.7	500.0	392.3	73.1%	30.0%
Charoen	3,055.7	1,343.3	98.1	1,349.6	1,251.5	Nil%	61.3%

Notes: [1] excluding derivatives. [2] USD 1,257.1m of which USD 977.6m is subject to the debt restructuring process.
[3] Figures as of 30 September 2008.

FINANCIAL INFORMATION - 2008 (USD m)

	Debt / Equity	Debt / Assets	Debt / EBITDA	Net Debt / EBITDA	EBITDA / Interest	FCF	FCF Maintenance
JBS	0.92	34.9%	4.9x	2.88x[2]	2.10x	-167.5	153.7
Sadia	37.7	77.0%	9.0x [3]	5.8x[3]	n.a.	-685.7	-107.3
Bertin	1.7	52.0%	8.0x	4.5x[1]	1.30x	-185.0	119.5
Marfrig	1.6	47.1%	4.9x	3.7x	1.96x	63.4[4]	116.8
Independencia[5]	4.7	83.2%	10.5x	10.3x	n.a.	n.a.	n.a.
Minerva	4.5	69.9%	9.2x	6.1x	n.a.	n.a.	n.a.
Arantes [6]	14.6	71.5%	n.a.	n.a.	n.a.	n.a.	n.a.
MHP	0.64	36.8%	1.80x	1.40x	n.a.	-45.4	n.a.
Charoen	1.04	0.44x	5.92x	5.49x	3.26x	8.8	28.6

Notes: [1] For covenants purpose Bertin use Bracol Holding results. 2008 EBITDA BRL 840m. Net Debt / EBITDA 3.75x
[2] The company reported a Net Debt / EBITDA of 1.95x, using LTM EBITDA including Smithfield Beef pro-forma of BRL 1,706 m (USD 730.2m)
[3] These ratios, Debt / EBITDA and Net Debt / EBITDA, decrease to 7.3x and 4.3x, respectively, excluding debt from derivatives
[4] Excluding acquisitions. Considering acquisitions FCF reached a negative figure of USD 564.4m.
[5] Figures as of 30 September 2008.

DEBT Profile - as of 31 December 2008

Company	2009	2010	2011	2012	2013	After 2014
JBS	948.4	285.1	606.5	138.2	106.2	319.8
Sadia	1,782.5	481.9	401.8	284.1	247.1	461.9
Bertin	638.2	440.9	280.4	357.8	105.7	551.3
Marfrig	527.4	188.4	345.9	190.3	133.3	461.2
Independencia[1]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Minerva	153.2	85.8	83.0	39.0	43.8	198.6
Arantes[2]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
MHP	88.7	37.8	250	60.3	63.6	-
Charoen	827.0	159.0	197.0	74.0	89.0	4.0

Notes: [1] The company filed for bankruptcy protection in Brazil and Chapter 15 in NY Southern District on 27 February 2009.
[2] The company was granted bankruptcy protection on 12 January 2009.

Exports by Market - as of 31 December 2008

Company	America	Middle East	Europe	Asia	Eurasia	Other
JBS	29.0%	7.0%	11.0%	25.0%	13.0%	15.0%
Sadia	16.0%	27.0%	22.0%	19.0%	16.0%	-
Bertin[1]	34.0%	12.0%	13.0%	20.0%	13.0%	9.0%
Marfrig	15.5%	14.8%	44.7%	7.5%	15.6%	1.9%
Independencia						
Minerva [2]	32.9%	13.0%	14.4%	12.4%	9.7%	17.6%
Arantes						
Comps:						
MHP	n.a.	n.a.	n.a.	n.a,	n.a.	n.a.
Charoen	5.8%	n.a.	57.8%	35.4%	n.a.	1.0%

[1] Includes only Beef exports figures for 4Q08 // [2] Figures for 4Q08.

Sources include local regulatory entities filings, company presentations, industry reports, Debtwire articles and local press.

LATIN AMERICA /PERFORMANCE:

Brazilian beef revenues increased during 2008 but the sector reported lower earnings than 2007 mainly due to the increase in production costs and the BRL depreciation. Higher raw material costs reduced gross margins while the BRL depreciation generated non-cash losses arising from foreign currency debt.

JBS: 4Q08 results were stronger than expected by the market. The company's US operations contributed by providing a natural hedge against currency swings. JBS net revenues increased 114.5% from BRL 14.1bn (USD 7.96bn) to BRL 30.3bn (USD 12.97bn), mainly explained by the good performance of JBS USA unit. Consolidated EBITDA increased 95.6% YoY to BRL 1.2bn (USD 494.9m). Considering the export reduction from Brazil to the European Union and export restrictions in Argentina during 2008 as well as difficult credit conditions, JBS maintained an EBITDA margin of around 4%. JBS reported net income of BRL 25.9m (USD 11.09m) for 2008 compared to a loss of BRL 165m (USD 93.17m) in 2007.

Sadia recorded record revenue of BRL 12.2bn (USD 5.2bn) in 2008 representing a 23% YoY increase. Sadia gross profit totaled BRL 2.6bn (USD 1.1bn) in 2008, 9.3% higher than in 2007. The cost of products sold increased 28.5%, mainly due to grain price increases, resulting in a 3.1 percentage point fall in gross margin compared to 2007. EBITDA totaled BRL 1.2bn (USD 0.5m) in 2008 and EBITDA margin reached 10.9%, representing a reduction of 2.6 percentage points compared to 2007. In spite of good operating performance, Sadia posted a loss of BRL 2.5bn (USD 1.1bn) in 2008 compared to a gain of BRL 768.3m (USD 328.9m) in 2007 This was due to financial losses from derivatives and exchange rate variations. Financial expenses related to derivative transactions were BRL 2.5bn (USD 1.1bn) in 2008, of which BRL 705.9m (USD 302.2m) was realized losses and the remaining BRL 1.8bn (USD 0.8bn) came from unrealized losses.

Bertin revenues grew by 27.7% YoY, explained by the significant growth in its beef division. Part of this increase was due to both higher raw material cost pass-through to final product prices and the BRL depreciation. In 2008, factors such as the increase in the price of raw materials, cattle, tallow and milk pressured the company's operating margin, leading to gross margin of 20.2%, down 5.3 percentage points compared to 2007. The net financial result was a net expense of BRL 1.2bn (USD 0.51bn), impacted primarily by the devaluation of the BRL, which generated a foreign exchange loss of BRL 2.0bn (USD 0.86bn) in 2008. Bertin recorded a net loss of BRL 681.8m (USD 291.8m) in 2008, mainly due to financial expenses.

Marfrig net revenue totaled BRL 6.2bn (USD 2.65bn) in 2008, 85.7% higher than the BRL 3.4bn (USD 1.46bn) recorded in 2007. Gross income climbed 99.0% in the year to BRL 1.3bn (USD 0.56bn). Growth was basically explained by the 12 acquisitions made during 2008. Gross margin was 21.4%, up 140 bps from 2007. In 2008, EBITDA was BRL 884.4m (USD 378.6m), 132.6% higher than in 2007. EBITDA margin stood at 14.3% in the year, versus 11.4% the year before. In 2008, the company's financial results were impacted by the BRL depreciation. The company has 81.6% of its debt denominated in foreign currencies. In 2008, the company posted a net loss of BRL 35.5m (USD 15.20m), primarily due to the currency depreciation.

Minerva revenue increased 42.5% YoY, driven by a 76.4% growth in domestic sales (fueled by a 89.6% increase in beef sales). Export sales revenue grew 28.4%, also driven by the beef division. Gross profit reached BRL 378.9m (USD 162.2m), with gross margin decreasing 2.7 percentage points to 17.9%, impacted by the increase in cattle prices. EBITDA stood at BRL 153.4m (USD 65.7m), 27.2% higher YoY, and EBITDA margin stood at 7.2%. The effects from the monetary and foreign-currency losses arising from the devaluation of the BRL led to FX variation losses of BRL 202.9m (USD 86.9m), constituting a (non-cash) accounting effect that led to a net loss of BRL 215.5m (USD 92.3m).

LIQUIDITY: From a liquidity point of view JBS's profile is stronger than its peers (especially after the company decided not to pursue the National Beef acquisition). The company had USD 980m in cash and equivalents as of year end 2008 and reported EBITDA generation of USD 494.9m for the year. The company is in a solid position to face its working capital and debt servicing needs for 2009 considering a moderate level of capex. During the last year, JBS experienced intense de-leveraging reducing net debt/EBITDA from 3.74x in 2007 to 1.95x in 2008. By contrast, Sadia showed the worst liquidity profile. Although the company had USD 1.5bn in cash and EBITDA of USD 498m, Sadia is highly leveraged and its debt is concentrated in the short-term (39.6%). The debt/EBITDA ratio reached 9.0x partly explained by its exposure to derivative instruments. Minerva's cash position stood at USD 200m as of 31 December 2008, an amount that exceeds by 30.4% the total debt obligations maturing in the short-term, thereby diminishing refinancing risks. Nevertheless, the company leverage (net debt/ EBITDA) is high at 6.1x. Marfrig's cash position as of 31 December was USD 458.7m and the company generated EBITDA of USD 378.5m during 2008. Marfrig is in a good position to service its interest expense, cover working capital and investments needs. However, in 2009 the company faces debt amortizations of USD 527.4m. Finally, Bertin, has a high level of cash (USD 1,024.7) and an EBITDA generation of USD 297.4m. This will allow the company to manage its short term debt service.

EQUITY - Prices as of 16 April 2009 (USD)

	Ticker	Price	1-year	52-wk High	Date	52-wk Low	Date	Market Cap (m)
JBS	JBSS3	2.27	-19.9%	4.72	05/30/08	1.18	10/10/08	4,033.9
Sadia	SDIA3	2.20	-51.9%	5.73	06/05/08	2.20	01/20/09	1,215.1
Marfrig	MRFG3	4.83	-43.8%	11.14	05/30/08	2.87	02/03/09	1,294.5
Minerva	BEEF3	0.97	-71.9%	5.49	06/05/08	0.70	03/13/09	72.9
MHP	MHPC LI	3.60	n.a.	19.90	05/30/08	1.50	02/18/09	398.7
Charoen	CPF	3.12	-31.8%	4.84	04/17/08	2.78	11/25/08	n.a.

Source: stock exchanges. All BRL figures converted to USD at 2.1818 BRL per USD (16 April 2009)

Legal Analysis

This month:
The basics of corporate insolvency in Brazil

For further information please contact: **Debtwire, 11 West 19th Street, 2nd Floor, New York, NY 10011 Tel: +1 (212) 686-5374**

The Basics of Corporate Insolvency in Brazil

By Thomas Benes Felsberg*

In Brazil, corporate insolvency is governed by Law 11,101, enacted in 2005. Financial institutions, insurance companies and cooperatives are subject to liquidation proceedings pursuant to specific legislation. Consumer insolvency is regulated by the Code of Civil Procedure.

Brazilian law provides for three kinds of corporate insolvency proceedings.

Judicial restructuring (“recuperação judicial”):
Recuperação judicial is a debtor-in-possession, court supervised reorganization proceeding. Upon the filing of a restructuring proceeding, and with all the requirements having been met, the court orders a stay period during which the debtor is protected from enforcement actions for 180 days. Within 60 days from the date of filing, the debtor must submit a restructuring plan for approval by creditors and for confirmation by the appropriate court.
Creditors are divided into three classes (employees, secured creditors and unsecured creditors) for the purpose of voting the plan. A plan may only be modified by the creditors with the debtor’s consent. If the plan is approved by the required majorities in each class, and if it is confirmed by court, it becomes binding to all creditors. Pursuant to a cram-down provision, the court may also confirm the plan if it is rejected by one class, provided that alternative requirements are met.
Tax claims are not subject to a judicial restructuring proceeding. Creditors which hold title to assets as a form of guarantee (such as in commercial leasing transactions and chattel mortgages) are entitled to separate satisfaction, but they cannot repossess their assets during the 180-day stay period, if such assets are necessary for the debtor’s activities.
Advances on exchange contracts deriving from exports are also unaffected by a judicial restructuring. A judicial administrator oversees the whole restructuring process and a committee of creditors may also be appointed (this is practically rare).

Pre-packaged restructuring (“recuperação extra-judicial”):
The debtor may also seek an agreement with creditors before filing a restructuring.
Should the debtor enter into an agreement with the holders of 60% of credits belonging to a class of creditors or with a group of creditors with common economic interests, it may file a pre-packaged restructuring (“recuperação extrajudicial”) in order to obtain court confirmation of the agreement.
Once the court has confirmed a pre-packaged plan, it becomes binding to all creditors of the affected class or group. Only creditors which are subject to a judicial restructuring proceeding, save for employees, may be encompassed by such an out of court (pre-packaged) restructuring.

Liquidation (“falência”):
If, however, a court declares the liquidation (“falência”) of a debtor, a judicial administrator appointed by the court assumes the management of the bankrupt estate. The assets of the estate are collected and sold in a public auction, which whenever possible, should preserve the value of the debtor as a going concern. Proceeds from the auction are distributed among creditors, according to the priority of their claims (employees, up to claims which do not exceed 150 minimum wages, are ranked higher then secured creditors; after secured creditors, come tax credits while unsecured credits rank last).

In a bankruptcy, a productive unit of the debtor company, or even the company itself, may be sold without the acquirer being liable for any of the obligations of the debtor. This feature is also present in restructuring proceedings for the sale of an isolated productive unit.

* Thomas Benes Felsberg, Columbia University, Law School, LL.M., University of São Paulo Law School, LL.B. Partner, Felsberg e Associados - Felsberg, Pedretti, Manrich e Aidar Advogados e Consultores Legais.
Address: Avenida Paulista, 1294, 2nd Floor, São Paulo (SP), Brazil – 01310-915.
Phone number: 55 11 3141 9100.
E-mail: thomasfelsberg@felsberg.com.br.
Website: http://www.felsberg.com.br

Debtwire contact: Valeria Seifert - Head of Latin America Research
+ 1 212 500 1385 / valeria.seifert@debtwire.com

Glossary of Terms

ASIA

Stressed debt:

Bond yield to maturity/CDS higher than threshold (subject to technical and macroeconomic conditions)
1. Threshold (bond yield to maturity) = iTraxx ex-Japan HY 3m Average + Risk Free Rate < YTM (Risk Free Rate = 10y Treasuries yield)
2. Threshold (CDS) iTraxx ex-Japan HY 3m Average (peer pricing also considered)

Special Cases:
1. Pricing discrepancies between Senior/Sub Classes
2. Consideration of class of debt being major financing source

Non Price Related Events Resulting in Move to Stressed:
1. Tight covenant compliance
2. Covenant waiver/reset approval by creditors; expiry date to be monitored; possible equity cure
3. Pressure on medium term liquidity

Expected deals:
1. Appointment of financial/restructuring advisors in view of restructuring
2. Commencing of negotiations with creditors
3. Interest / Amortization / Maturity payment default
4. Declaration of Event of Default
5. 3rd party filing for bankruptcy

Live deals:

Workouts where company was placed into bankruptcy/insolvency or the parties have reached a preliminary agreement on terms of a discounted exchange, and are going through the legal procedures of getting those terms full agreed by all parties and the necessary approvals in place.

Post restructuring:

Any company that has been restructured during the last two years. We track these situations looking for capital markets and M&A activity.

High Yield:

Sub-investment grade (Issuer rating < Moody's 'Baa3' or S&P's 'BBB-') bond issues of EUR 100m equivalent or more. Coverage is including financial performance, disposals and acquisitions, advisory mandates and secondary market prices.

LATIN AMERICA / EMERGING EUROPE

Stressed debt:

2 or more apply (capital structure can contain bonds or loans)
1. Bonds trading at 60 cents or lower
2. ≥ US 10-Year Treasury Note + 1000bps
3. Single B-rated or below
4. Minimum 4x total leverage
5. Significant liquidity/refinancing concerns (upcoming coupon/principal payments, etc.)
6. Significant on-going business/operational concerns (end of concession, unclear contract situation, etc.)

Expected deals:

Defaulted or negotiating a restructuring
1. Appointment of financial/restructuring advisors in view of restructuring
2. Commencing negotiations with creditors
3. Interest / Amortization / Maturity payment default (with the exception of extension of grace period by trustee)
4. Declaration of event of default (technical or otherwise)

Live deals:

Bankrupt/Insolvent or Debt for Equity swap terms agreed in principle

Post restructuring:

Companies maintained for 24 months from the completion of exchange/restructuring

High Yield:

Capital Structure contains USD 50m of bonds, sub-investment grade rating (S&P, Moody's or Fitch)

Your Debtwire Team

Managing Director
Jonathan Reed
+ 1 212 686 5418
jonathan.reed@debtwire.com

Editor-in-Chief
Matt Wirz
+ 1 212 686 5316
matt.wirz@debtwire.com

Editor - Latin America
Gabriel DeSanctis
+ 1 212 686 5412
gabriel.desanctis@debtwire.com

Global EM Research:
Head of Latin America Research
Valeria Seifert
+ 1 212 500 1385
valeria.seifert@debtwire.com

Attila Takacs
+ 44 20 7059 6167
attila.takacst@debtwire.com

Yana Dostinova
+ 44 20 7059 6298
yana.dostinova@debtwire.com

Melvin Lee
+ 852 2158 9728
melvin.lee@debtwire.com

debtwire.com