

## JBS SAVES ON DEBT SERVICING AFTER DOUBLE CLOSING

**Joe Rowley**

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Shearman & Sterling LLP and Mattos Filho, Veiga Filho, Marrey Jr e Quiroga Advogados have helped JBS simultaneously close a bond issuance and short-term loan facility - a move the Brazilian meat processor predicts will save more than US\$150 million a year in debt servicing costs.

The first part of the transaction, which closed on 24 May, saw JBS issue senior notes with a 10-year maturity worth US\$650 million.

The second leg, which closed three days later, gave JBS a US\$475 million short-term loan facility with an interest rate of three per cent over LIBOR.

Counsel on the short-term loan was given by a second team from Shearman & Sterling.

The banks in the transactions were Merrill Lynch, Pierce, Fenner & Smith, JP Morgan Securities, Morgan Stanley, Barclays Capital, Banco do Brasil Securities, BMO Capital Markets Corp, Rabo Securities USA, Wells Fargo Securities, and Credit Suisse Securities.

They were advised Simpson Thacher & Bartlett LLP and Tauil & Chequer - affiliated with Mayer Brown LLP.

JBS says the two transactions represent a rebalancing debt process that aims to save the company some US\$150 million a year as the senior notes carry a lower interest rate than the average interest of the company's current debt.

Alvaro Antônio do Cabo Notaroberto Barbosa, partner at Mattos Filho, explains that the funds will be used to pay down "short-term, higher cost debt at the parent company level," with neither transaction expected to increase the company's overall debt burden.

He adds that the firm's previous experience working with JBS allowed a "closeness and knowledge" of the company to develop, which in turn allowed the firm to rapidly respond to the company's demands.

In May last year, Mattos Filho worked with Simpson Thacher to advise the underwriters in JBS's delayed IPO in the US. Pinheiro Neto Advogados and White & Case LLP advised JBS.

Shearman & Sterling LLP also has previous experience working with JBS - giving counsel to the Brazilian company in September during its joint venture with Wisconsin-based Jack Link's Beef Jerky.

### **Counsel to JBS**

In-house counsel - Nicholas White, Maria Fernanda Mello, Laura Affonso and Milena Hitomi

**US**

Shearman & Sterling LLP

Partners Michael Benjamin and Denise Grant, counsel Harald Halbhuber and Barbara Edwards, and associates Brian Bishop, John Hahn, Jennifer Stadler, Jocelyn Bush and Noah Stacy

**Brazil**

Mattos Filho, Veiga Filho, Marrey Jr e Quiroga Advogados

Partner Alvaro Antônio do Cabo Notaroberto Barbosa and associate Guilherme Azevedo Ferreira Alves

**Counsel to the initial purchases**

**US**

Simpson Thacher & Bartlett LLP

Partner John Ericson and associates Grenfel Calheiros, Benjamin Wells, John Pitts and Bill Langer

**Brazil**

Tauil & Chequer - affiliated with Mayer Brown LLP

Partner Eduardo Soares and associates Lea Yassuda and Renata Mendes