

EMERGING MARKETS CREDITORS ASSOCIATION
120 BROADWAY, 35TH FLOOR • NEW YORK, NY 10271 • 212-720-0610

January 14th, 2003

VIA HAND DELIVERY

Honorable Thomas P. Griesa
United States District Court for the
Southern District of New York
500 Pearl Street, Courtroom 26B
New York, NY 10007

Re: EM Ltd. v. The Republic of Argentina (03-CV-2507)
Macrotechnic Corp. v. The Republic of Argentina (02-CV-5932)
NML Ltd. v. The Republic of Argentina (03 - CV-8845)

Dear Judge Griesa,

We are writing in our capacity as the Board of Directors of the Emerging Markets Creditors Association (EMCA). EMCA is a group representing the interests of about 40 leading institutional investors in emerging markets debt instruments, such as bonds and loans. Its membership includes mutual funds, institutional fund managers, insurance companies, total return funds, and other investors with significant long-term commitments to emerging markets assets. EMCA members hold in excess of \$50 billion of emerging market debt. Membership in EMCA is limited to investors. Under our by-laws, broker-dealers, media and legal firms are not permitted to join. Thus, EMCA uniquely represents investors in emerging market debt and includes many of Argentina's largest external creditors. One of the primary objectives of EMCA is to ensure the smooth functioning of international capital markets.

EMCA supports the views expressed by EM Ltd that the appropriate interpretation of the so-called pari passu clause is not a justiciable controversy properly before this court and that the Court simply lacks the power under Article III of the Constitution to receive briefs and evidence on the question, let alone to decide it. Accordingly, this issue need not, and in fact cannot properly, be decided by the court at this time.

Were this issue to be properly before the court, EMCA wishes to inform you that there are conflicting views among leading market participants regarding the correct interpretation of the pari passu clause. The interpretations advocated by defendants and by the various amici do not purport to reflect the diversity of views that in fact exist and have existed in the marketplace. This is likely because the amici do not adequately represent the market for sovereign debt, whereas the members of EMCA represent a broad and important portion of that market.

In fact, many of EMCA's members do not agree with Cleary's very narrow interpretation of the meaning of the pari passu covenant found in most sovereign bond indentures. Eviscerating the meaning of the pari passu clause, as Cleary seems to advocate, goes too far—it makes the clause worthless. EMCA's members believe that there are contractual provisions that parties might agree to which could prevent a holdout creditor from attaching payments on newly restructured debt without gutting the meaning of the pari passu clause. Argentina and its lead deal managers never included any such provisions in their bonds and cannot obtain in court what they either could not or did not obtain at the bargaining table.

EMCA members, as well as others in the financial community, believe that Cleary's very narrow interpretation of the meaning of the pari passu covenant found in most sovereign bond indentures jeopardizes the sovereign debt rescheduling process. In addition, it undermines confidence in emerging markets finance generally, by highlighting one of the main weaknesses of the current international financial architecture--the ability, and in fact apparent willingness, of some sovereign debtors to discriminate unfairly among creditors of equal ranking to the detriment of the fairness and trust necessary to ensure that debt reschedulings can be successfully completed and eventually return the debtor to the voluntary markets.

In summary, EMCA's position is that there is no case or controversy now before the Court with respect to the Pari Passu clause. If, as and when there were such a dispute, EMCA would respectfully wish to provide the Court with the views of market participants on this important issue, to assist the Court to reach a carefully considered view. However, this is not that time.

Respectfully yours,

Abigail McKenna

On behalf of the Board of Directors of EMCA

Mark Dow	MFS Investment Management
George Estes	Grantham, Mayo, Van Otterloo & Co.
Keith Gardner	Western Asset Management
William Ledward	Fiduciary Trust International
Abigail McKenna	Morgan Stanley Investment Management
Ben Miller	HBK Investments
Mark Siegel	David L. Babson & Co., MassMutual Financial Group

Enclosure

cc: All parties on attached service list