

TAM TURNS TO DEBT MARKETS

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Pinheiro Neto Advogados, Clifford Chance LLP and Ogier have advised Brazilian airline TAM on its US\$500 million international bond issuance.

The transaction closed on 3 June, following its pricing on 26 May. Tauil & Chequer - affiliated with Mayer Brown LLP and Cleary Gottlieb Steen & Hamilton LLP advised the banks; Santander, BTG Pactual and Banco do Brasil Securities.

The bonds, which the airline says will be used for the payment of maturing debt, pre-delivery payments and general corporate purposes, were issued while the airline awaits antitrust approval for its merger with Chilean airline LAN.

Pinheiro Neto partner Adolpho Julio de Carvalho says if anything the proposed merger facilitated the deal. "As a matter of fact, any impact the LAN merger could have on the transaction would be of a positive nature," he says. "The fact that the company had recently gone through extensive due diligence also made the deal move forward smoothly."

The same day the bonds were priced, the Chilean antitrust tribunal, TDLC, held a hearing as part of its investigation on the merger, which was requested by Chilean consumer defence association Conadecus. The TDLC may rule on the merger 30 to 60 days after the hearing, according to local press reports that cited the tribunal's president, Tomas Menchaca.

The Brazilian competition tribunal, CADE, is also expected to issue a ruling on the merger shortly. The country's aviation authority gave its approval on 2 March.

The bonds were issued by the company's unit, TAM Capital 3, and were guaranteed by TAM and TAM Linhas Aéreas.

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