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NEWS

Walmex moves into Central America

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Wal-Mart de México has agreed the takeover of Wal-Mart Centroamérica from its US parent company and regional investors, in a deal valued at US\$2.7 billion.

White & Case LLP is providing US and Mexican counsel to Wal-Mart de México, known as Walmex, in its purchase of Wal-Mart Stores Inc's 51 per cent stake in the Central American unit. The Costa Rican office of regional firm Arias & Munoz led the due diligence work for Walmex, with the participation of the firm's other branches.



Boies, Schiller & Flexner LLP in the US, Galicia y Robles SC in Mexico and Consortium - Lacle & Gutierrez in Costa Rica are advising Alfa Partners, controlled by Costa Rica's Uribe family, which is selling its 24.5 per cent stake in Wal-Mart Centroamérica.

The remaining shareholders, which include the owners of Guatemala's La Fragua supermarket chain, retained Clifford Chance LLP in the US (although using São Paulo-based lawyers also) and Ritch Mueller SC in Mexico, to sell their stake.

"The deal makes a lot of sense for all the parties," says partner Robert Leung of Boies Schiller. "The Central American stores occupy a similar market to Mexico, so they will be able to exploit synergies. At the same time it simplifies Wal-Mart Stores' management structure."

Walmex – which is 70 per cent owned by Wal-Mart Stores - will pay the sellers 1.4 billion Mexican pesos (US\$110 million) in cash and 593 million new Walmex shares, representing a 7 per cent stake in the company. The agreement also contains an earnout provision promising the sellers additional payment from future earnings.

The deal, announced on 7 December, remains subject to Walmex shareholder approval and is expected to close in the first quarter of next year.

Wal-Mart Centroamérica operates 519 stores across Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica, with 28,000 employees and annual sales of US\$3.3 billion. Wal-Mart Stores entered the region in 2005 when it acquired a 33 per cent stake in Central American Retail Holding Company (CARHCO) from Netherlands-based Royal Ahold, increasing its stake to 51 per cent the following year.

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CARHCO was formed in 2001 as a joint venture between Royal Ahold, the Uribe-run Corporación de Supermercados Unidos from Costa Rica, and Guatemala's La Fragua.

Counsel to Wal-Mart Stores Inc

* In-house counsel - David Hollander

Counsel to Wal-Mart de Mexico (Walmex)

* In-house counsel - José Luis Rodríguezmacedo (general counsel) and Enrique Ponzanelli

US

* White & Case LLP

Mexico

* White & Case SC

Partner Alberto Sepúlveda and associate Jacquelin Gutiérrez

Costa Rica

* Arias & Munoz (Costa Rica)

Partners Carolina Flores and Pedro Muñoz and associate Carlos Camacho

Counsel to Walmart Centroamérica

* General counsel - José David Zúñiga in San José

Counsel to Alfa Partners

US

* Boies, Schiller & Flexner LLP

Partner Robert Leung and associates Neena Reddy and Lauren Salvati

Mexico

* Galicia y Robles SC

Partner José Visoso and associate Maurice Berkman

Costa Rica

* Consortium - Lacle & Gutierrez

Counsel to other minority shareholders in Wal-Mart Centroamérica

US

* Clifford Chance LLP

Partner Anthony Oldfield in São Paulo, and partner Philip Wagman and associate Michael Kessler in New York

Mexico

* Ritch Mueller SC

Partner Carlos Obregón Rojo