



“Parmalat: Tensions in International Restructurings”

The Brazilian perspective



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Thomas Benes Felsberg



PART I – Remarks on the Parmalat case in Brazil

PART II – Relevant cross-border issues involved



PART I – Remarks on the Parmalat case in Brazil

Social Relevance of Parmalat in Brazil:

- 8 plants in operation
- Operations in 371 municipalities
- 3,174 direct jobs
- 12,696 indirect jobs
- 67,750 workers involved in milk production
- 6,300 workers involved in vegetable production



Key

- Milk and Dairy Products (Parmalat e Glória)
- Vegetables (ETTI)
- Biscuits and Cookies (Duchen)
- Beverage (Santal)

Remarks on the Parmalat case in Brazil

- Nov. 2003** ➤ Burst of Parmalat worldwide crisis impacts Brazil.
- 28 Jan. 04** ➤ Petitions for Concordata Filed by Parmalat Alimentos and Parmalat Participações at the 29th. Lower District Court of the State of São Paulo – need for a stay period, avoiding bankruptcy so as to allow negotiation with creditors.
- 11 Feb. 04** ➤ The 42nd. Court issues Intervention Orders for Parmalat Brasil and Parmalat Participações. Court-appointed interveners start managing the companies.
- 31 Mar. 04** ➤ Understandings with 42nd. court result in the end of the court commanded judiciary intervention process.
 - Corporate and management controls reestablished in the hands of Parmalat SpA. Extraordinary Shareholders Meeting of Parmalat Alimentos elects new Board of Directors

Remarks on the Parmalat case in Brazil

- 19 Apr. 04** ➤ Decision on the conflict of jurisdictions consolidates Parmalat law suits venue in the 29th. Court.
- 18 May 04** ➤ 29th. Court resumes the analysis of Parmalat Alimentos' and Parmalat Participações' requests for concordata.
- 21 Jun. 04** ➤ First meeting with financial creditors of Parmalat Alimentos and Parmalat Participações.
- 10 Aug. 04** ➤ Processing of the concordatas of Parmalat Participações and Parmalat Brasil S.A. granted.
- Nov. 04 to Present** ➤ Negotiations with financial creditors.



Remarks on the Parmalat case in Brazil

- ✓ Under court protection, both Parmalat Brasil and Parmalat Participações have a 24 month period to settle their unsecured debts and reach agreements with their other creditors.
- ✓ The *concordata* proceedings are following their normal course with no great challenges up to this point. The first installment of the *concordata* will become due on July 2, 2005 (New Bankruptcy Law will be in force) .



PART II – Relevant cross-border issues involved



Relevant cross-border issues involved in the Parmalat Case

Coordination between:

- Felsberg e Associados in Brazil,
- Nunziante Magrone Studio Legale Associato in Italy,
- Weil Gotshal & Manges LLP in the US,
- Quinn Emanuel Urquhart Oliver & Hedges LLP,
- Intervener appointed by the Italian Government.



Relevant cross-border issues involved in the Parmalat Case

- **Accounting Issues**
- **Legal Opinions required to launch the new Parmalat as a public company in Italy**
- **Flow of information: reporting**
- **Coordination of litigation: Italy, USA and Brasil**
- **Negotiations with Creditors (using Brazilian restructuring issues in order to gain leverage elsewhere).**



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