

**III FIFTH ANNIVERSARY CONFERENCE
NEWYORK 6/7 JUNE 2005**

PARMALAT :
TENSIONS IN INTERNATIONAL
RESTRUCTURING

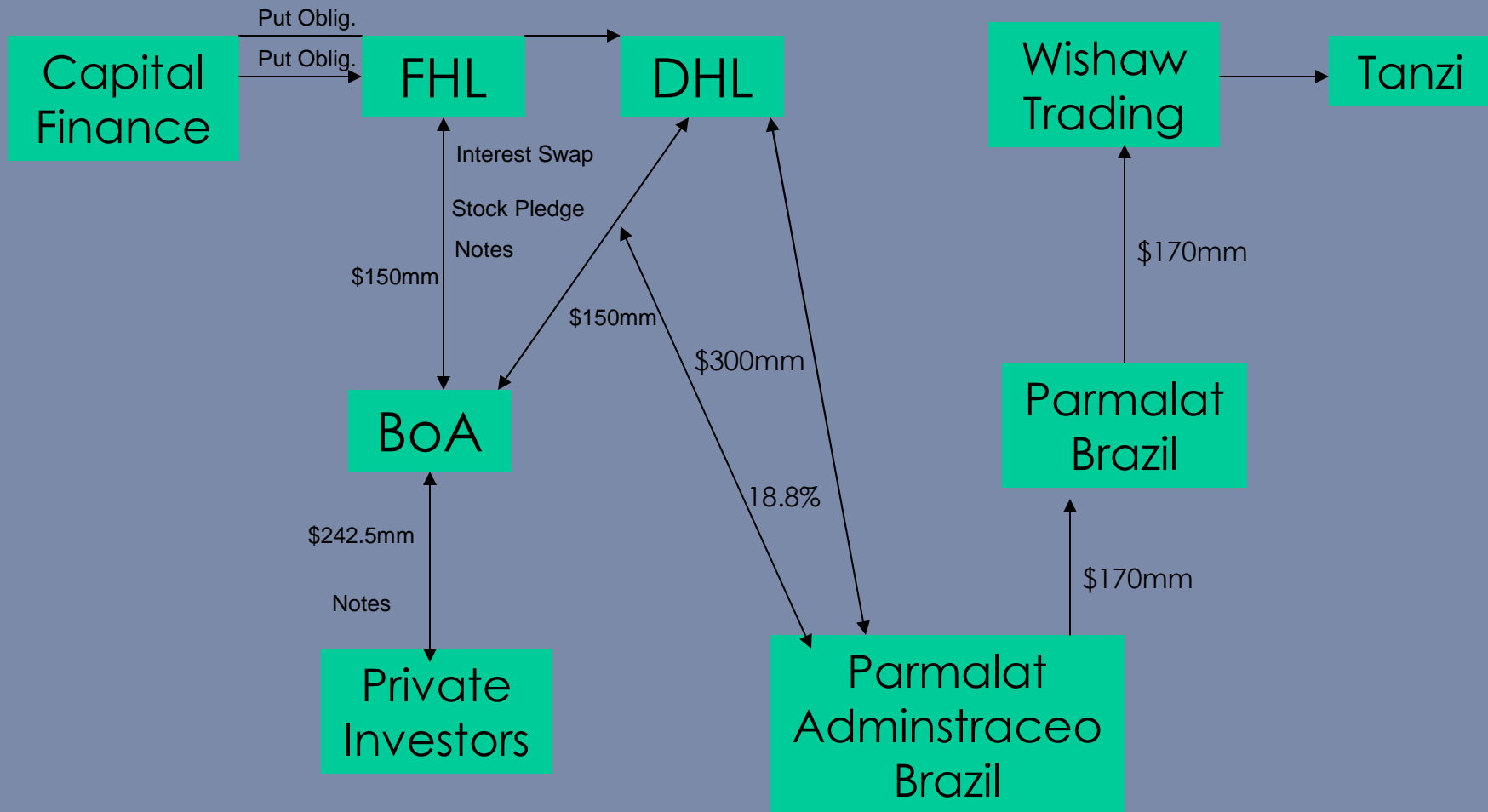
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CAYMAN ISLANDS POSITION

CREDITOR FRIENDLY JURISDICTION

- PREMIERE OFFSHORE JURISDICTION FOR CAPITAL MARKETS TRANSACTIONS
 - UTILISED BY PARMALAT FOR NOTE ISSUES IN 1999
 - FOOD HOLDINGS LTD \$158M
 - DAIRY HOLDINGS LTD \$150M

FHL/DHL FLOW CHART



24TH DECEMBER 2003

- **JPLS APPOINTED OVER FHL AND DHL AT INSTANCE OF NOTEHOLDERS**
- **OBLIGATION UNDER PUT OPTION TO PARMALAT CAPITAL FINANCE LTD (“CAPFIN”)**
- **JPLS OF FHL AND DHL APPOINT THEMSELVES OVER CAPFIN – PARENT COMPANY TO BONLAT**
- **S.304 TEMPORARY RESTRAINING ORDERS OBTAINED IN JANUARY 2004**

RATIONALE FOR APPOINTMENTS

- **FEAR AND UNCERTAINTY OF WHAT WAS HAPPENING**
- **PRESERVE THE POSITION IN LIGHT OF SUBSTANTIAL FRAUD**

POSITION AS OF BEGINNING OF 2004

**IMPORTANT PART OF PARMALAT'S FINANCIAL OPERATIONS IN
HANDS OF INDEPENDENT INSOLVENCY PRACTITIONERS WITH
A DUTY TO CERTAIN OF PARMALAT'S CREDITORS**

REACTION

- **FEBRUARY 2004 APPLICATION BY DR. BONDI TO HAVE THE INDEPENDENT INSOLVENCY PARTITIONERS OF CAPFIN REPLACED WITH HIS OWN APPOINTEES**
- **ARGUED LOCUS BASED UPON ALLEGED US\$5.2 BILLION DEBT OWED BY CAPFIN TO OTHER PARMALAT ENTITIES AND AS A DIRECTOR OF CAPFIN (APPOINTED BY PARMALAT PARENT IN FEBRUARY 2004)**

COURT'S DECISION 1ST MARCH 2004

- **CONFIRMED THE APPOINTMENT OF INDEPENDENT INSOLVENCY PRACTITIONERS**
- **UPHELD INDEPENDENT CREDITORS' CONCERN THAT DR. BONDI'S DUTIES AS EXTRAORDINARY ADMINISTRATION WILL CONFLICT WITH HIS DUTIES TO CREDITORS OF CAPFIN IF HE IS APPOINTED AS A JPL**
- **ATTACHED GREATER WEIGHT TO THE VIEWS OF INDEPENDENT CREDITORS THAN RELATED CLAIMANTS WHOSE DEBTS WERE OF DOUBTFUL PROVENANCE**

MR JUSTICE HENDERSON CONCLUDED

“The court is clothed with jurisdiction to supervise and control liquidators so that the creditors can enjoy a high level of assurance that the liquidation is even handed, fair and carried out according to law. A liquidator must be, and be seen by the creditors, to be, independent.”

“ A Liquidator cannot owe any duty to anyone which is incompatible to his obligations to the creditors and the Court. “

CONCLUSION CONTD.

“Dr. Bondi is the appointee of the Italian Government. His mandate is broad – to rescue the Parmalat Group and keep it functioning as a going concern, in the interest not only of the Creditors but also of the 35,000 Group employees.”

- ***The Judge concluded:***

“I have a significant concern that Dr. Bondi’s obligations to the Italian Government are not fully compatible with the obligations he would assume as Capfin’s Provisional Liquidator.”

THE PRESENT POSITION

- DR. BONDI HAS PROPOSED AN EQUITY DISTRIBUTION TO CREDITORS OF APPROXIMATELY 6.7% UNDER HIS PLAN.
- SUBSTANTIAL LITIGATION STRATEGY IN THE US AND ELSEWHERE
 - NO CASH DISTRIBUTION PROPOSED

THE PRESENT POSITION CONT.

- **CAPFIN, FHL AND DHL WILL HAVE THEIR OWN INDEPENDENT RECOVERIES**
- **WILL BE DISTRIBUTED PARI PASSU TO THEIR CREDITORS INDEPENDENT OF THE ITALIAN PLAN**

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