

**BCCI GROUP (IN LIQUIDATION)  
ICIC GROUP (IN LIQUIDATION)**

**QUESTION AND ANSWER BOOKLET**

**RELATING TO THE AGREEMENT  
WITH THE MAJORITY SHAREHOLDERS**

**NOVEMBER 1994**

## INTRODUCTION

As most creditors will be aware from various press reports, the Liquidators of the principal BCCI and ICIC companies, have negotiated a new Agreement with the Majority Shareholders of BCCI Holdings SA, Luxembourg.

The Liquidators have been asked numerous questions from a variety of sources relating to the new Agreement. As the same questions have been asked many times by different people the Liquidators believe that answers to these questions may be of general interest and have accordingly produced this booklet.

The booklet has been prepared in a style which is intended to enable the questions and answers to be understood by as large a number of creditors as possible. In some instances, very complex situations or agreements have been summarised in a few lines. Whilst the Liquidators are content that the questions have been satisfactorily answered for the purposes for which this document is intended, they draw attention to the fact that their answers are consequently much briefer than those which they would provide if called upon to do so for other purposes.

In addition to the question and answer booklet, a summary of the agreement and copies of the agreement itself are available to creditors.

The Liquidators have taken reasonable care to ensure the answers are correct, but accept no liability whatsoever arising from any error or inaccuracy. Receipt of this booklet is not to be taken as an admission that you have a claim in the Liquidation.

Any creditor who requires further information concerning the new Agreement should contact the Liquidators at the addresses on page 7 or on the BCCI Advice Line in London, telephone number 071-583 5305.

## QUESTION AND ANSWER BOOKLET

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## 1. How much will Creditors Recover?

The total dividend to creditors will be calculated by dividing the net amount realised by the Liquidators, by the admitted value of creditor claims.

Even after 3 years, predicting the value of the total dividend is still not possible due to fundamental uncertainties which still affect each part of this calculation.

The amount to be realised by the Liquidators is uncertain, primarily due to:

- The new Agreement with the Majority Shareholders has yet to be approved by the courts in Luxembourg, England, and the Cayman Islands. The proceeds of this agreement are likely to be the most substantial and the most immediate source of funds available for distribution.
- Major elements of the potential recoveries being dependent upon investigation and litigation. Whilst the Liquidators continually assess whether it is commercially productive to continue with investigations and litigation, it is not considered appropriate at this stage to attempt to predict the outcome.
- The need to provide for further liquidation costs. The costs of conducting the liquidation, including the legal costs of various major legal actions in progress, are difficult to predict accurately. The Liquidators need to ensure that they have sufficient funds to continue with the course of action considered to be the most effective for creditors in the long run.

Similarly, there are uncertainties relating to the admitted value of creditors' claims, including:

- There are a substantial number of claims which give rise to technical legal problems or which the Liquidators may seek to reject for any number of reasons. Any claim rejected or partially rejected by the Liquidators may also be subject to appeal to the courts.
- The Liquidators continue to receive claims from creditors which will require investigation and adjudication.
- It is at present not possible to predict which branches of the principal companies of BCCI will participate in the Pooling arrangements.

In the light of all these factors, the Liquidators are not in a position to issue a formal estimate of the likely return to creditors.

## 2. When will the creditors receive money?

The total dividend to creditors will consist of one or more interim payments before a final dividend is declared. The Liquidators are committed to making an interim dividend payment as quickly as possible, and consider that the new agreement will provide sufficient funds, hopefully together with other recoveries, to make such a payment possible.

A dividend can only be paid once the new Agreement has received the approval of the courts in Luxembourg, England and the Cayman Islands, has been executed by the parties, and once payment has been made to the Liquidators.

The Liquidators will endeavour to expedite the progress of the new Agreement through the courts, although certain aspects of court proceedings, such as the availability of court time and particularly the slow progress of appeals, if filed, are beyond their control.

However, if court approvals are obtained without undue delay, the target of the Liquidators is to pay an interim dividend in 1995.

### 3. How does the new Agreement compare with the Contribution Agreement?

The principal differences between the agreements relate to:

#### Complexity

Whilst containing a number of complex provisions, the new Agreement is considered to be much simpler to implement than the Contribution Agreement.

#### Amount payable by the Majority Shareholders

Under the new Agreement, the Majority Shareholders are to pay to the Liquidators a total of \$1.8 billion. Under the Contribution Agreement, the principal sum payable varied according to the value of both admitted creditor claims and realisations made by Liquidators. Based upon a formula, the contribution would vary between \$1.2 billion and \$2.2 billion. Under the new Agreement, the principal sum is fixed at \$1.8 billion and is not linked to the value of creditors or realisations in any way. Under the new Agreement, \$1,550 million is payable upon completion of the Agreement, \$150 million will be payable 24 months later, and the final \$100 million is payable 36 months after completion.

#### Sharing of recoveries

The Contribution Agreement provided for each party to share equally in the other's third party recoveries. Under the new Agreement, neither party shares in recoveries from third parties.

#### Indemnities

If the Liquidators make recoveries to which the Majority Shareholders have been required by third parties to contribute, such contribution, limited in aggregate to \$450m, is to be returned to the Majority Shareholders. Under the Contribution Agreement, unlimited indemnities were given to the Majority Shareholders.

If the Majority Shareholders make recoveries to which the Liquidators have been required by third parties to contribute, such contribution is to be returned to the Liquidators.

### UAE branches

Under the new Agreement, the UAE branches are allowed to pool with the other principal BCCI estates. The Majority Shareholders will, however, pay a sum equivalent to the additional cost of the UAE branches joining the pool, and the UAE branches will not make any other claim against the principal BCCI estates. As a result, UAE branch creditors will receive the same rate of dividend as the creditors of the principal BCCI estates.

Under the previous arrangements, the UAE branches were to be dealt with by way of a separate and self-contained liquidation and were to claim in the liquidation of the principal BCCI companies. Consequently, their creditors would not necessarily have obtained the same dividend as the creditors of the principal BCCI estates.

### Creditor releases

The Contribution Agreement was conditional on creditors amounting in value to \$4.5 billion in total accepting the Majority Shareholders offer and releasing any rights they may have had against the Majority Shareholders. Obtaining the necessary releases would have been a lengthy process, thereby delaying payment, and creditors who did not grant a release would not receive a dividend from the proceeds of the agreement. There is no such requirement under the new Agreement, so all creditors will receive a dividend.

### US forfeited assets

Under the Contribution Agreement, the Majority Shareholders were entitled to share as creditors in dividends arising from assets held in the USA. Under the new Agreement, Abu Dhabi has waived all rights to dividends arising from assets held in the USA.

### ICIC Group

Although the ICIC Group were not parties to the contribution agreement, it was envisaged that ICIC Group creditors would have obtained a rate of dividend which was broadly similar to that of BCCI Group creditors, through the operation of certain parallel arrangements.

Under the new agreement, ICIC Group creditors will be treated in the same way as BCCI Group creditors.

## **4. What do the Creditors' Committees think about the Agreement?**

The Creditors' Committees have been consulted at each stage of the negotiation of the new Agreement. An observer from the Committees has also been present at key meetings.

Following the conclusion of Heads of Agreement with the Majority Shareholders, the Creditors' Committees requested the Liquidators to negotiate the detailed documentation of the Agreement so it could be considered in final form.



The new Agreement in its final form has been considered by all of the Committees and unanimously approved by those who voted. Representatives of the Majority Shareholders, who have an interest in the new Agreement did not vote, and one other creditor chose to take no position on the new Agreement, neither voting nor abstaining

5. **What happens next?**

The Liquidators will only enter into the Agreement after it has been finally approved by the courts in Luxembourg, England and the Cayman Islands.

The Liquidators will endeavour to ensure that the new Agreement is brought before the courts as soon as practicable, and the procedures to obtain court dates and prepare for the hearings has already begun.

6. **Do I need to do anything?**

No action is required from creditors in relation to the new Agreement. By means of press briefings the Liquidators will try to keep creditors fully informed of all developments. The Liquidators will contact all creditors who have submitted a proof of debt prior to the payment of a dividend.

If you have any questions, or if you have not already submitted your claim, the Liquidators can be contacted at:

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