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Vlasic Creditors File Amended Complaint, Claiming Campbell Lied About Spin-Off

August 30, 2002

WILMINGTON, Delaware -- Andrews & Kurth filed an Amended Complaint in U.S. District Court Thursday against Campbell Soup Company on behalf of the bankruptcy estate of Vlasic Foods International Inc. (VFI). The Amended Complaint alleges that the Campbell made misrepresentations in dealing with the Internal Revenue Service, the Securities and Exchange Commission and other entities involved with the 1998 spin-off transaction which ultimately resulted in VFI's bankruptcy.

John A. Lee, lead counsel for the VFI creditors, had this to say about the amended filing, "This filing is the result of more than six months of comprehensive investigation into the circumstances that led to VFI's bankruptcy and liquidation, including interviews with dozens of former VFI and Campbell employees. Our investigation established that Campbell's real motivation in the spin-off was to unload problem businesses it wanted to get rid of, and transfer as many of its debts to VFI as it could get away with by manipulating the financial results and projections of the VFI businesses. Campbell knew well before the spin-off closed that VFI was careening toward a default and would likely end up in a liquidation, but refused to put the brakes on its \$600 million payday. We expect the Court will find these allegations are true, and that Campbell will be held 100 percent responsible for VFI's liquidation."

Campbell spun-off VFI in March of 1998 with more than \$500 million of bank debt, in addition to more than \$100 million of other assumed Campbell liabilities, to decrease its own debt load incurred from its share repurchase program. Evidence uncovered by A&K lawyers indicates that the \$500 million figure is almost two times the amount of debt that these businesses should have had on their books at the time or could have afforded to pay. The amended complaint also states that Campbell knew in January 1998 that VFI, then still a part of the Campbell companies, would significantly miss its target quarterly earnings numbers unless it loaded over 500,000 cases of Swanson and 100,000 cases of Vlasic products. The complaint alleges that Campbell instructed VFI to load the cases knowing that the \$500 million bank loan was dependent on VFI making its numbers at the end of the coming fiscal quarter.

The architect of the spin-off was Basil Anderson, Campbell's former Chief Financial Officer. The Board of Directors for VFI prior to the spin-off was comprised of Campbell employees, including many of Mr. Anderson's direct reports. It is alleged that these Campbell employees could not have been making decisions in the best interest of the future of VFI's creditors and shareholders when they structured the transaction. The Amended Complaint alleges Campbell knew in January of 1998 that if VFI loaded its second quarter numbers in order to meet the projections that Campbell had given to the financial institutions, VFI could not then make its third and fourth quarter numbers. Compounding this assertion, the pleading alleges that this information was never conveyed to the banks and was never disclosed in the Form 10 that Campbell filed with the SEC on March 10, 1998. Further, Campbell never disclosed to the banks or to the SEC in the Form 10 that many of the businesses were carried on Campbell's books, and subsequently transferred to VFI, at values far in excess of their fair market value.

The complaint continues to allege that in order to make the spin-off tax-free to Campbell and its shareholders, Campbell concocted an excessive tax basis in the spin-off companies by assigning fair market values to the businesses that were hundreds of millions of dollars greater than the levels at which both Campbell and its investment banker valued these businesses. The pleading also alleges that Campbell misrepresented financial data and values of the spun-off businesses in its dealings with the IRS which resulted in a private letter ruling that the more than \$500 million in proceeds Campbell received from the Spin-Off would be tax-free to Campbell and its shareholders.

The Complaint alleges that what sealed VFI's fate was Campbell's forcing one-sided supply and co-pack agreements on VFI in the weeks before the spin-off, well after the projections were given to the banks and after the Form 10 was filed with the SEC. It is noted that Campbell hired several major law firms to protect its interests in the U.S., U.K., Germany and Canada, but did not provide VFI independent legal counsel or financial advisors to protect its interests. Finally, it is alleged that Campbell purposely induced many of its long-term career employees to go with VFI so that Campbell could effect a cost-free layoff. When VFI filed for bankruptcy less than three years after the spin-off, many of these employees lost their

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medical benefits, retirement savings and their children's education funds. Many of these former employees are now listed as unpaid creditors of the bankrupt VFI estate, and their claims are part of this lawsuit.

Andrews & Kurth L.L.P. was founded in Houston in 1902 and has 360 lawyers in offices in Austin, Dallas, Houston, Los Angeles, London, New York, The Woodlands and Washington, D.C. The firm's practice areas include appellate, bankruptcy, business transactions, energy, environmental, corporate and securities, labor and employment, litigation, intellectual property, public law, project finance, real estate, structured finance, asset securitization, technology and tax law for U.S. and international clients.

Additional Points of Information:

- This filing can be found at www.vfbllc.com
- A class-action suit against Campbell based on some of the same deceptive practices alleged in this Complaint is now pending in Federal District Court in New Jersey, Case No. 01-0272
- The original Complaint was filed in February 2002.