



**Talbot Hughes McKillop advises Straumur-Burdaras  
Investment Bank hf. on its successful  
€1.8bn restructuring**

Talbot Hughes McKillop (THM) is pleased to announce that a restructuring proposal by Straumur Burdaras Investment Bank hf. (Straumur) was confirmed by the Icelandic courts, following the approval by 99.6% of unsecured creditors on 13 July 2010. A THM team led by Dean Merritt and Paul Horn has been working with Straumur on its financial restructuring since April 2009.

Straumur is an investment bank headquartered in Iceland, which operates in Reykjavik, London and Copenhagen.

Straumur was founded in October 1986, and by the end of 2007 had grown to become one of Iceland's largest investment banks with gross assets of approximately €7bn and operations in ten Northern and Central European countries. As a result of liquidity issues caused by the global financial crisis, the Icelandic Financial Supervisory Authority (FME) assumed control of Straumur and it was placed into Moratorium (effectively a standstill of payments) in March 2009.

The transaction is significant as it is the first restructuring of a financial institution to be implemented using a Composition under Icelandic law (a process similar to a scheme of arrangement), and may potentially provide a template for other financial institution restructurings. Key features of the transaction include:

- The transfer of the full ownership and control of Straumur to its unsecured creditors, which include major foreign and Icelandic financial institutions.
- The issue of convertible bonds and shares tradable on Euroclear and Clearstream in exchange for €1.3bn of unsecured claims, and the renegotiation of the terms on approximately €550m of secured debt, resulting in a solvent and sustainable capital structure post restructuring.
- The establishment of an Asset Management Business which will manage and realise Straumur's assets for the benefit of its creditors.
- The creation of an Icelandic Broking & Advisory Business, focused on exploiting the market opportunity which exists following the Icelandic crisis.

THM has provided a dedicated team working full time in Iceland throughout the sixteen month process and has assisted Straumur with:

- Developing a business and financial plan which formed the economic basis for the restructuring.
- Developing a restructuring proposal under the Icelandic Act of Bankruptcy.
- Co-ordinating stakeholder communications and supporting Straumur in negotiations / consensus building programme with creditors.
- Overall co-ordination and project management of the restructuring process.

The THM team comprised Dean Merritt, Paul Horn, Edward Wildblood, Andrea Trozzi, Chris Elkins and Victoria Gallagher. The team worked closely with Straumur's management team and its legal advisers, Hogan Lovells in London and Jonsson & Hall in Iceland, and with Straumur's Informal Creditors Committee, which was advised by Bingham McCutchen.

Please contact Dean Merritt or Paul Horn at Talbot Hughes McKillop for more information on this transaction.

#### **About Talbot Hughes McKillop**

THM provides hands-on, senior level leadership to restructuring situations. We focus on working for companies in stressed and distressed situations to identify and deliver robust solutions that preserve stakeholder value. The THM approach is to deploy small dedicated teams in complex restructurings, bringing independence, trust and objectivity to negotiations with the stakeholders. Our role may be either advisory or involve THM individuals assuming a management or Board position, as appropriate.

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