



Talbot Hughes McKillop advises the Icelandic company Exista ehf on its successful €2.0bn restructuring

Talbot Hughes McKillop (THM) is pleased to announce that a restructuring proposal by Exista ehf (Exista) was approved by the Icelandic courts on 10 October 2010. Matt Hinds and Paul Horn were appointed joint CROs in September 2009 and THM has had a full time team in Iceland for the duration of the restructuring process. This marks THM's fourth significant transaction in Iceland.

Exista owns some of Iceland's most important businesses including Lysing, Skipti and VIS and a significant minority interest in Bakkavör. Prior to the Icelandic banking crisis in October 2008, Exista owned approximately 25% of Kaupthing and other financial services assets. The financial crisis in Iceland and, in particular, the failure of Kaupthing led Exista to need to restructure its obligations.

The court approval of the restructuring proposal marks the conclusion of a process which will see full ownership and control of Exista transferred to its unsecured creditors. Key features of the transaction include:

- Amendment of the terms of Exista's finance documents to provide time for its assets to improve.
- A flexible capital structure that allows for material disputes to be settled following the restructuring.
- Appointment of a new board nominated by the major creditors.

The restructuring is being implemented using a Composition under Icelandic Law (a process similar to a scheme of arrangement). On 8 September 2010, those creditors eligible to vote granted 97% approval of the proposal.

The successful restructuring of Exista also marks the conclusion of one of the most high profile and politically challenging restructurings in Iceland and is of great significance to the Icelandic economy as it will provide for stable ownership of some of Iceland's largest companies.

THM has provided a dedicated team working full time in Iceland that:

- Fundamentally changed the restructuring approach to avoid imminent liquidation.
- Led the development of a group-wide restructuring strategy that linked subsidiary restructurings to a deal at Exista.
- Negotiated informal standstills and deferral of litigation proceedings.
- Established the economic parameters for the eventual restructuring proposals and negotiations.
- Defined a composition proposal under the Icelandic Act on Bankruptcy that successfully concluded a restructuring where more than 50% of total claims remain in dispute.

The THM team comprised Matt Hinds, Paul Horn, Chris Davis and Robert Elliott. The team worked closely with LOGOS Legal Services in Iceland and Hogan Lovells in London throughout the project.

Please contact Paul Horn or Matt Hinds at THM 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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