

WHITE & CASE ADVISES ZŁOMREX INTERNATIONAL FINANCE ON RESTRUCTURING OF EXISTING HIGH YIELD BONDS

London, Warsaw, Paris, New York, March 21, 2014 ... Global law firm White & Case LLP has advised Złomrex International Finance S.A. (ZIF) on the restructuring of its approximately \$118 million outstanding senior secured high yield notes due 2014.

Incorporated in France, ZIF is a financing vehicle for the Cognor group, one of the largest suppliers (by volume) of scrap metal, the second largest seller of semi-finished steel products and the fifth largest seller (by volume) of finished steel products in Poland.

ZIF's existing high yield bonds, which were governed by New York law, were exchanged for new senior secured PIK notes and exchangeable PIK notes issued by a new Cognor finance vehicle incorporated in the UK.

The maturity of the existing notes was closely followed by the completion of the restructuring, which was implemented by way of an English law Scheme of Arrangement. Schemes have become instrumental in the restructuring of the indebtedness of overseas-incorporated companies and group structures (with the necessary 'sufficient connection' to England) as they can be more efficient and user-friendly than certain local law alternatives.

London-based White & Case partner David Becker said: "We were very pleased to help our client complete the successful restructuring of its existing high yield bonds. It's another example of how effectively New York law-governed high yield indebtedness can be restructured using an English law Scheme of Arrangement as well as being the latest in a string of such deals on which White & Case has taken a leading role."

The ZIF restructuring followed a parallel path of both an exchange offer and an English Scheme of Arrangement, made possible by a COMI (centre of main interest) shift of the financing vehicle early in the process. London-based White & Case partner David Manson said: "There are commercial and legal imperatives behind the decision of a company to migrate its COMI to a jurisdiction other than that of its incorporation.

“Insolvency laws and formal processes vary between jurisdictions; some are more creditor or debtor friendly, some regimes have relatively new procedures while others are more certain and have been proven, tried and tested in the heat of a restructuring. In this case, the decision to migrate ZIF’s COMI from France to the laws of England and Wales was significant in fulfilling the expectations of stakeholders, allowing the company to take advantage of a creditor stress-tested process to restructure its existing notes.”

The novel move from France to England and Wales follows other restructurings where debtors and sponsors have chosen to move in the other direction. “It’s not a question simply of being a ‘bankruptcy tourist’, said Manson. “Forum shopping, seen in context, can provide a solution and drive consensus towards a restructuring path where none would otherwise exist.”

Warsaw-based White & Case partner Marcin Studniarek said: “This transaction was a perfect showcase for the truly global service White & Case is able to provide for the benefit of its clients, with a team of high yield, restructuring and bank finance lawyers from the UK, Poland, France and the US delivering New York, English and Polish law advice to see this deal through to a successful conclusion. The structure of exchangeable notes is innovative on the Polish market. We used Polish law warrants as an instrument to enable noteholders to exchange their notes for Cognor S.A. shares in the future.”

The White & Case team was co-led by partners David Becker, David Manson (both London) and Marcin Studniarek (Warsaw) and included partners Scott Greissman (New York) and Céline Domenget-Morin (Paris), local partners Daniel Kaczorowski and Tomasz Ostrowski (both Warsaw) and associates Richard Pogrel, Monica Holden, Kevin Heverin, Tim Wood, Hayley Mitchinson, Henry Brendon (all London), Michal Jadwisiak, Michal Oles, Bartosz Smardzewski, Katarzyna Grodziewicz (all Warsaw), Laure Martin (Paris) and Richard Graham (New York).

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English and local law capabilities in each of our regions and rely on us for their complex cross-border transactions, as well as their representation in arbitration and litigation proceedings.

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