Related Professionals

C. Brophy Christensen
Eric Sibbitt
Noah Kornblith
Chris Wheeler
Robert Fisher

Related Practices

Corporate & Transactional
Corporate Governance
Mergers & Acquisitions
Tax

Related Industries

Energy, Natural Resources & Utilities

PDF

O'Melveny Represents Centrus Energy Corp. in Adoption of Section 382 Rights Agreement

April 07, 2016
FOR IMMEDIATE RELEASE

San Francisco — April 6, 2016 — O'Melveny represented Centrus Energy Corp. in its adoption of a Section 382 Rights Agreement. The Centrus Board of Directors adopted the Section 382 Rights Agreement to seek to preserve its substantial tax assets (NOLs) available to reduce potential future tax liabilities and to protect the interests of the Centrus stockholders.

The O'Melveny team was led by partners Brophy Christensen, Paul Scrivano, and Eric Sibbitt, and associates Noah Kornblith and Christopher Wheeler. Partner Robert Fisher and counsel Billy Abbott advised on tax matters.

About O'Melveny
O'Melveny's clients shape markets, set precedents, and break boundaries. They are stalwarts and innovators, the names you trust and the next big thing. And for more than a century, O'Melveny has been right beside them, kicking down walls and putting up defenses to help our clients achieve their most important goals. With approximately 700 lawyers in 15 offices worldwide guided by the principles of excellence, leadership, and citizenship, we uphold a tradition of treating our clients' challenges and opportunities as our own. What do you want to achieve? For the answers, please visit www.omm.com.

Contact:
Julie Fei
O'Melveny & Myers LLP
213.430.7792
jfei@omm.com

The following was released by Centrus:

Centrus Energy to Preserve Net Operating Loss Carryforwards and to Protect Centrus Stockholders with Stockholder Rights Plan

BETHESDA, Md.--(BUSINESS WIRE)--APRIL 6, 2016--Centrus Energy Corp. (NYSE MKT: LEU) announced today that its Board of Directors has adopted a Net Operating Loss (NOL) stockholder rights plan to seek to preserve its substantial tax assets (NOLs) available to reduce potential future tax liabilities and to protect the interests of the Centrus stockholders. As of December 31, 2015, the Company had NOLs of approximately $325 million that can be used in certain circumstances to offset future U.S. taxable income.

The Company's ability to utilize its NOLs during future periods could be substantially limited if the Company undergoes an "ownership change" as defined in Section 382 of the Internal Revenue Code. For this purpose, an ownership change generally occurs if the Company's "five-percent stockholders" have collectively increased their ownership in the Company's common stock by more than 50 percentage points over their lowest percentage ownership at any time over a rolling three-year period. The Company's NOL rights plan is intended to reduce the likelihood of an unintended ownership change occurring through the purchase of the Company's common stock.

In addition, in light of recently disclosed accumulations of the Company's shares in the market, this rights plan is intended to enable all Centrus stockholders to realize the long-term value of their investment and to reduce the potential that any person or group could gain control of Centrus through open market accumulation without appropriately compensating the Company's stockholders for such control or providing the Board sufficient time to make informed judgments. The rights plan applies equally to all current and future stockholders and is not intended to deter offers that are fair and otherwise in the best interests of the Company's stockholders.

In connection with the adoption of the rights plan, the Board declared a dividend of one preferred-share-purchase-right for each share of the Company's Class A common stock and Class B common stock outstanding as of April 6, 2016. Effective today, if any person or group acquires 4.99% or more of the outstanding shares of the Company's common stock, or if a person or group that already owns 4.99% or more of the Company's Class A common stock acquires additional shares representing 0.5% or more of the outstanding shares of the Company's Class A common stock ("acquiring person or group"), then, subject to certain exceptions, there would be a triggering event under the rights plan. The rights would then separate from the Company's Class A common stock and Class B common stock and would be adjusted to become exercisable, at an initial exercise price of $26.00, to purchase the number of 1/1000ths of a share of a new series of the Company's preferred stock equivalent to the number of shares of Class A common stock or Class B common stock, depending on the holder thereof, of the Company having, at the time of the applicable triggering transaction, a market value equal to twice the exercise price. The rights beneficially owned by an acquiring person or group would become null and void, resulting in significant dilution in the ownership interest of such acquiring person or group.

The Board, or an independent committee of the Board, has the discretion to exempt any acquisition of the Company's common stock from the provisions of the rights plan if it determines that doing so would not jeopardize or endanger the Company's use of its tax assets or is otherwise in the best interests of the Company. The Board also has the ability to amend or terminate the rights plan prior to a triggering event.

The Company expects to seek stockholder approval of the Rights Plan in connection with the 2017 annual meeting. The rights issued under the rights plan will expire if not approved by the Company's stockholders prior to that date or on April 6, 2019, if the Rights Plan is so approved. The rights may also expire on an earlier date if certain events occur, as described more fully in the Section 382 Rights Agreement that the Company will file with the Securities and Exchange Commission (SEC).

The adoption of the rights plan will not be a taxable event, will not affect the reported financial condition or results of operations of the Company and will not change the manner in which the Company's common stock is traded.

O'Melveny & Myers LLP is acting as Centrus' legal counsel.

Additional information regarding the rights plan will be contained in a Form 8-K and in a Registration Statement on Form 8-A that Centrus is filing with the SEC.

About Centrus Energy Corp.

Centrus Energy Corp. is a trusted supplier of enriched uranium fuel for commercial nuclear power plants in the United States and around the world. Our mission is to provide reliable and competitive fuel goods and services to meet the needs of our customers, consistent with the highest levels of integrity, safety, and security.

Contact:

Centrus Energy Corp.

Investors:
Don Hatcher, 301-564-3460
or
Media:
Jeremy Derryberry, 301-564-3392