

EMEA DC Meeting Statement 22 April 2016

The DC met today to discuss whether a Restructuring Credit Event has occurred with respect to Norske Skogindustrier ASA (the **Reference Entity**). The DC Resolved that a Restructuring Credit Event occurred with respect to the Reference Entity on 12 April 2016.

In reaching its decision, the DC was of the view that:

- (a) the amendment (the **restructuring event**) to the terms and conditions of the EUR218,106,000 7.00% senior notes due 2017 issued by the Reference Entity (the **2017 Notes**) to insert a redemption and mandatory exchange option pursuant to which the 2017 Notes may be redeemed at any time at the option of the Reference Entity in return for a combination of the Reference Entity's 3.5% cash/3.5% PIK senior notes due 2026 and 2.0% deeply subordinated notes due 2115 (together the **Exchange Consideration**) amounted to an amendment to the terms of the 2017 Notes which is binding on all holders of the 2017 Notes such that the principal payment obligations of the Reference Entity thereunder are reduced and replaced with an obligation to deliver the longer dated Exchange Consideration;
- (b) the restructuring event occurred on 12 April 2016. The DC noted that in its announcement dated 18 March 2016, the Reference Entity stated that: *"The [restructuring event] will be effective and operative when the Extraordinary Resolution is adopted and once the Settlement Date occurs"*. In this regard, (i) pursuant to the Reference Entity's announcement on 11 April 2016, the Extraordinary Resolution was passed on 11 April 2016; and (ii) the DC believes that the Settlement Date, being the date on which the offer to holders of the 2017 Notes to exchange their 2017 Notes for the Exchange Consideration pursuant to the exchange offer and consent solicitation memorandum dated 5 January 2016 (as amended) (the **Exchange Offer**) settled, is 12 April 2016;
- (c) the restructuring event directly or indirectly results from the deterioration in creditworthiness or financial condition of the Reference Entity. Indeed and by way of example, in its announcement dated 18 March 2016, the Reference Entity stated that: *"If the Exchange Offer and Consent Solicitations [the latter of which relates to the restructuring event described above] are not completed and the [Reference Entity] is not able to obtain other sources of liquidity in an amount necessary to meet the June 15, 2016 maturity date of the 2016 Notes (none of which sources are presently foreseen), the [Reference Entity] is likely to default on such payment causing the [Reference Entity] (and other Norwegian subsidiaries) to need to seek applicable relief under Norwegian law"*; and
- (d) based on references in press articles to a number of holders of the 2017 Notes, the fact that the 2017 Notes were listed, the considerable size (by reference to principal balance) of the 2017 Notes outstanding immediately prior to the restructuring event and the fact that the 2017 Notes were widely distributed at the time of issuance, the Multiple Holder Obligation requirement was satisfied.

The DC noted that the Reference Entity has exercised the redemption and mandatory exchange option described in paragraph (a) above with respect to the 2017 Notes that remained after the settlement of the Exchange Offer and the DC further understands that such remaining 2017 Notes were also exchanged on 12 April 2016 for the Exchange Consideration. In light of the fact that the DC had already concluded that the restructuring event constituted a Credit Event, the DC did not believe it was necessary to consider such exchange any further in the context of this Restructuring Credit Event question.