NORSKE SKOGINDUSTRIER ASA ANNOUNCES STATUS UPDATE WITH RESPECT TO THE EXCHANGE OFFERS AND CONSENT SOLICITATIONS FOR THE EUR 290,000,000 SENIOR SECURED NOTES DUE 2019 (ISINs: XS1181663292 AND XS1181663532), EUR 159,017,000 SENIOR NOTES DUE 2021 (ISINs: XS1193909154 AND XS1193907968), USD 60,649,000 SENIOR NOTES DUE 2023 (ISINs: USR59730AA00 AND US65653AAA88; CUSIPs: R59730AA0 AND 65653AAA8), EUR 114,212,347 SENIOR NOTES DUE 2026 (ISINs: XS1394812595 AND XS1394812751) AND USD 200,000,000 SENIOR NOTES DUE 2033 (ISINs: USR80036AQ09 AND US656533AC01; CUSIPs: R80036AQ0, 656533AC0)

July 14, 2017 – NORSKE SKOGINDUSTRIER ASA (the "**Parent**") announces a status update with respect to the invitation of (i) the Parent to holders of (a) the outstanding EUR 159,017,000 8.00% senior notes due 2021 (the "**2021 Notes**") issued by Norske Skog Holding AS (the "**Existing Exchange Notes Issuer**"), (b) the outstanding USD 60,649,000 8.00% senior notes due 2023 (the "**2023 Notes**", and together with the 2021 Notes, the "**Existing Exchange Notes**") issued by the Existing Exchange Notes Issuer, (c) the outstanding EUR 114,212,347 3.5% cash/3.5% PIK senior notes due 2026 (the "**2026 Notes**") issued by the Parent and (d) the outstanding USD 200,000,000 7.125% senior notes due 2033 issued by the Parent (the "**2033 Notes**" and together with the Existing Exchange Notes and the 2026 Notes, the "**Existing Unsecured Notes**") to offer to exchange their relevant Existing Unsecured Notes for the applicable consideration, to be comprised of a certain amount of ordinary shares of the Parent (the "**Ordinary Shares**") and (ii) Norske Skog AS (the "**Senior Secured Exchange Notes Issuer**") to holders of its EUR 290,000,000 11.75% senior secured notes (the "**Existing Senior Secured Notes**") to offer to exchange their Existing Senior Secured Notes for the applicable consideration, to be comprised of a certain amount of new euro-denominated 8.00% senior secured notes due 2021 (the "**Senior Secured Exchange Notes**") to be issued by the Senior Secured Exchange Notes Issuer.

This information is subject of the disclosure requirements pursuant to section 5-12 of the Norwegian Securities Trading Act.

Introduction

On June 2, 2017, Norske Skogindustrier ASA (the Parent), Norske Skog Holding AS and Norske Skog AS announced consensual exchange offers and consent solicitations in respect of the Existing Notes, including the Existing Senior Secured Notes and the Existing Unsecured Notes, with the aim of significantly reducing the debt levels and the related cash interest costs and addressing other capital structure constraints. The exchange offers and consent solicitations were further amended and/or extended on June 14, June 28, and July 12, 2017. The economic terms of the exchange offers and consent solicitations, including the exchange ratios offered to holders of the Existing Notes, were based on certain assumptions, estimates and projections made by the Parent, a summary of which is described in the "Outlook" section below.

On June 14, 2017, the Parent announced the utilization of the 30-day contractual grace period under the Existing Senior Secured Notes Indenture with respect to making the interest payment of €17 million on the Existing Senior Secured Notes that was due on June 15, 2017. This grace period, which expires on July 15, 2017, extended the period in which the Senior Secured Exchange Notes Issuer could make the interest payment without the occurrence of an event of default under the Existing Senior Secured Notes Indenture.

Similarly, on June 29, 2017, the Parent announced the utilization of the 30-day contractual grace period under each of the 2026 Notes & Perpetual Notes Agency Agreement and the NSF with respect to the interest payments that were due on June 30, 2017, which total €5 million. These grace periods expire on July 30, 2017.

Summary of Discussions with Stakeholders

The Parent has been using the period since the announcement of the exchange offers and consent solicitations on June 2, 2017, including the 30-day grace periods currently in effect, to engage in discussions with various stakeholders and their advisors regarding the Parent's ongoing efforts to consummate the consensual transactions contemplated by the exchange offer and consent solicitation memorandum. In an effort to further advance such discussions with and among its creditors, the Parent has entered into customary confidentiality agreements with certain of the advisors to such holders and with certain of such holders, and provided confidential information to such parties.

During this period, the Parent has received a number of proposals from certain holders and their advisors, including (among others) the advisors to the ad hoc committee representing certain of the holders of the Existing Senior Secured Notes (the "SSN AHC") and the advisors to the holders of the NSF. The Parent has also received a proposal from the ad hoc committee representing certain of the holders of the Existing Exchange Notes (the "Exchange Notes Committee"). In addition, the Parent has received a proposal from the SSN AHC and holders of the NSF (together with the SSN AHC, the "Senior Secured Creditors Group" or "SSCG").

The SSN AHC has advised the Parent that their members hold Existing Senior Secured Notes representing approximately 51% of the outstanding Existing Senior Secured Notes. The Exchange Notes Committee have advised the Parent that their members hold Existing Exchange Notes representing over 50% of the outstanding Existing Exchange Notes.

The NSF is held by funds managed or advised by GSO Capital Partners LP ("GSO") and Cyrus Capital Partners, LP (who also hold Existing Senior Secured Notes). GSO also holds a majority of the 2026 Notes and the 2115 Perpetual Notes, and holds approximately 19% of the Parent's Ordinary Shares. As at today's date, we are informed that the approximate combined holding of the SSCG is 46% of the group's financial indebtedness (excluding local financing).

While the scope of the discussions was wide-ranging and the proposals varied in a number of material respects in their economic terms, the level of detail and degree of conditionality and definitiveness, the key areas of discussion and variation in such discussions included the valuation of the Group, the pro forma leverage that the Group could bear following the completion of a transaction, the allocation of the equity value of the Parent among its different classes of creditors and existing equity holders following the completion of a transaction, and the liquidity needs of the Group and potential liquidity solutions.

To date the positions of the various groups have not converged towards a proposal agreed by all parties. However, all the proposals meet the Company's objectives of fully equitizing the existing unsecured debt and extension of the maturities of the secured debt in order to achieve better financial flexibility for the Group.

Proposal of Senior Secured Creditors Group for Consensual Exchange Transaction

On July 11, 2017, the Parent received a joint proposal (the "SSCG Proposal") from the SSCG.

The SSCG Proposal is comprised of the following key economic elements:

- Exchange of Existing Senior Secured Notes. The Existing Senior Secured Notes will be exchanged for new 9.00% senior secured notes due 2021 (the “New Senior Secured Notes”) or a combination of New Senior Secured Notes and Ordinary Shares, in each case on the basis that the Existing Senior Secured Notes are contributed at the current redemption price of 105.875 and accrued but unpaid interest. Holders will be entitled to elect to receive Ordinary Shares and/or New Senior Secured Notes in exchange for their Existing Senior Secured Notes, provided that the total aggregate amount of New Senior Secured Notes issued (including to exchanging holders of the NSF (as described below)) shall not exceed €350 million and the total ownership interest in the Ordinary Shares of the exchanging holders of the Existing Senior Secured Notes and the holders of the NSF shall not exceed 75%.

- Exchange of NSF. The NSF will be exchanged for New Senior Secured Notes or a combination of the New Senior Secured Notes and Ordinary Shares, in each case on the basis that the NSF is contributed at 100% of the nominal amount of the NSF and accrued but unpaid interest. Holders will be entitled to elect to receive Ordinary Shares and/or New Senior Secured Notes in exchange for their holdings of the NSF (subject to the €350 million aggregate amount limit of the New Senior Secured Notes and 75% ownership interest limit described above).

- Exchange of Unsecured Notes and Perpetual Notes. The Unsecured Notes and the Perpetual Notes will be exchanged for an aggregate amount of the Parent’s Ordinary Shares that represents a 20% ownership interest in the Parent, of which the holders of the Existing Exchange Notes will receive a 15% ownership interest and the holders of the 2026 Notes, 2033 Notes and the Perpetual Notes will receive a 5% ownership interest.

- Existing Holders of Ordinary Shares. The existing holders of the Parent’s Ordinary Shares will, following the transactions, hold a 5% ownership in the Parent’s Ordinary Shares.

  The above percentages relating to holdings of Ordinary Shares do not take into account any dilution resulting from the New Money Offering or the Warrants (each as described below).

- New Money Offering. The Parent will offer new Ordinary Shares to raise €70 million in cash proceeds. The SSCG will provide a back-stop commitment for such offering. The offering will be made in the first instance to holders of the Existing Unsecured Notes and, if not subscribed, to existing holders of the Ordinary Shares, at implied valuations. The proceeds from the offering are to be used for certain approved capital expenditure projects, to pay the fees and expenses of the Transactions and, if not applied within a specified period, to redeem a portion of the New Senior Secured Notes at a redemption price of 104.5%.

- Equity Warrants. Warrants to purchase additional Ordinary Shares of the Parent under certain conditions, in an aggregate amount of the Parent’s Ordinary Shares that represents a 10% ownership interest in the Parent, will be granted to holders of the Existing Senior Secured Notes and the NSF that exchange their holdings for the New Senior Secured Notes.

The SSCG Proposal is attached as the exhibit to this release.

The SSCG has explicitly rejected the current exchange offers and consent solicitations announced on June 2, 2017, stating (amongst other things) that the leverage would remain at an unsustainable level in the recapitalised group.

Proposal of Existing Exchange Notes

On June 20, 2017, the Parent received a proposal from the Exchange Notes Committee, the key elements of which involved the reinstatement and maturity extension of the Existing Senior Secured Notes and the NSF and the equitization in full of the Existing Exchange Notes, the Unsecured Notes and the Perpetual Notes. The Existing Exchange Notes would have received 85% of the immediate post restructuring equity. The SSN AHC and the holders of the NSF were not willing to engage in discussions on a proposal along these lines.

The Exchange Notes Committee have rejected the current exchange offers and consent solicitations announced on June 2, 2017 on the basis that they do not consider that it respects structural priorities within the Group's capital structure and represents an unduly favourable proposal to creditors and existing holders of the Parent's Ordinary Shares that they perceive to be out of the money.

Parent Board Authorization to Negotiate the Consensual Implementation of the SSCG Proposal

On July 12, 2017, following its consideration of the SSCG Proposal, the Parent's Board of Directors authorized the Parent and its officers and management to, subject to certain conditions, make a public announcement of the SSCG Proposal and facilitate discussions between relevant stakeholders with a view to achieving a consensual implementation of the SSCG Proposal or mutually-acceptable consensual alternatives to the SSCG Proposal that are capable of being implemented, including the amendment of the terms of the exchange offers and consent solicitations to substantially reflect the terms of the SSCG Proposal or mutually-acceptable consensual alternatives to the SSCG Proposal.

The factors considered by the Parent's Board of Directors in granting such authorization included the liquidity and equity position of the Group, including the Parent and the Senior Secured Notes Issuer, the prospects for achieving support for the SSCG Proposal or mutually-acceptable consensual alternatives to the SSCG Proposal that are capable of being implemented, and the indications of support from the holders of the Existing Senior Secured Notes and the NSF (including with respect to the availability of standstill and forbearance arrangements on reasonable terms).

The conditions to the Parent's Board authorization include the entry by the requisite holders of the Existing Senior Secured Notes into customary forbearance and "lock-up" arrangements.

The Parent's Board of Directors further concluded that, in the absence of any alternative transaction that is capable of being implemented, the implementation of the SSCG Proposal or mutually-acceptable consensual alternatives to the SSCG Proposal that are capable of being implemented would be in the best interests of all the Group's stakeholders.

Facilitating for continued bilateral investor discussions

The Parent has over the last six months tried to bridge the significant divergence in the positions of its financial creditors and stakeholders, with a view to implementing a consensual transaction with senior and junior bondholders and existing shareholders. The Parent's proposal (as outlined in the exchange offer announced on June 2, 2017) was an attempt to balance the competing positions of the various stakeholders.

The Parent will facilitate a meeting for bilateral investor discussion next week to explain the SSCG proposal.

Further Deferral of June 15, 2017 Interest Payment on the Existing Senior Secured Notes

On July 13, 2017, the Parent's Board of Directors approved the further deferral of the interest payment on the Existing Senior Secured Notes past the end of the grace period. The Parent's Board of Directors evaluated, among other things, the liquidity and equity position of the Group, including the Parent and the Existing Senior Secured Notes Issuer, the prospects for achieving support for the SSCG Proposal or mutually-acceptable alternatives to the SSCG Proposal, and the indications of support from the holders of the Existing Senior Secured Notes and the NSF (including with respect to the availability of standstill and forbearance arrangements on reasonable terms).

The Parent has entered into a short-term standstill and forbearance agreement (the "July Standstill Agreement") dated as of July 14, 2017, with certain holders of the Existing Senior Secured Notes, which together represent approximately 63% of the outstanding Existing Senior Secured Notes. The terms of the July Standstill Agreement provide for forbearance up to July 30, 2017 in respect of the interest payment due on June 15, 2017, by which time it is envisaged that a longer term standstill agreement and/or lock-up and restructuring agreement will be entered into, which will contain further forbearance.

The deferral and non-payment of the interest payment on the Existing Senior Secured Notes past the end of the 30 day grace period would constitute an event of default under the Existing Senior Secured Notes and a payment default under the Parent guarantee and, absent the entry into the July Standstill Agreement referred to above, could ultimately result in the Existing Senior Secured Notes and certain of the Group's other indebtedness becoming declared due and could have other consequences which are beyond the control of the Group.

In addition, with respect to deferral of the interest payment on the 2026 Notes, which deferral was announced on June 28, 2017, the Parent's Board of Directors will continue to follow and evaluate the situation thoroughly before the end of the grace period, which ends on July 30, 2017.

Alternatives to Consensual Implementation of the SSCG Proposal

Should the July Standstill Agreement with respect of the Existing Senior Secured Notes terminate for any reason and/or expire without any further forbearance arrangements being put into place, then enforcement action directed by holders of the Existing Senior Secured Notes may occur, in particular over the shares of the Senior Secured Exchange Notes Issuer, which are pledged as security for the Existing Senior Secured Notes. If the terms of the Intercreditor Agreement are complied with, then such an enforcement would allow the Security Agent to release the guarantees of the 2021 Notes and 2023 Notes by the Parent's operating subsidiaries that are guarantors under the 2021 Notes & 2023 Notes Indenture. For contingency reasons, discussions are ongoing with the SSCG with a view to agreeing a framework so that any such enforcement action would take place on a co-ordinated and controlled basis in order not to affect the operating business of the Group.

Notwithstanding the Parent's efforts to facilitate a consensual transaction, in the event that the SSCG Proposal or mutually-acceptable consensual alternatives to the SSCG Proposal are not implemented on a consensual basis, the Parent's Board will consider the availability of non-consensual alternatives, which may include seeking voluntary or compulsory debt negotiation proceedings in the Norwegian courts.

As part of the recent discussions, the SSN AHC has also expressed willingness in principle to provide, if required, additional liquidity and financial support to contribute to the stability of the operating business of the Norske Skog group through the ongoing recapitalization process.

Extension of Reporting Date for Second Quarter 2017 Financial Results; Available Debt Capacity under certain Debt Instruments; Trading Update

On July 12, 2017, the Parent announced that it would announce its second quarter 2017 financial results on August 23, 2017.

In recent discussions with bondholders, the Parent has indicated that it has approximately €15 million of debt incurrence capacity under certain of its debt instruments.

Our next quarterly report will be for the quarter ending June 30, 2017 and is expected to be announced on August 23, 2017. The information in this section for the quarter ending June 30, 2017 is based on available preliminary financial information, and is subject to change. Undue reliance should not be placed on this information in this section. This information has been prepared by, and is the responsibility of, our *management, and has not been audited, reviewed or verified. No procedures have been completed by our auditors with respect thereof, and undue reliance should not be place thereon. This information is subject to confirmation in the Group's unaudited quarterly report for the quarter ending June 30, 2017.*

P&L

Revenue increased to NOK 2 848 million in 2Q17 from NOK 2 693 million in the previous quarter reflecting somewhat higher sales volumes and NOK depreciation. Gross operating earnings were supported by normal production in Australasia following a disruption at Boyer in the first quarter. Europe was however negatively impacted by higher recovered paper prices and maintenance stops. In total, gross operating earnings increased to NOK 190 million in 2Q17 from NOK 158 million in 1Q17.

Balance sheet

Group equity declined from NOK 39 million in 1Q17 to a negative NOK 567 million at the end of 2Q17 reflecting a loss for the period. Depreciation charges, a negative currency effect with a weaker NOK and interest costs contributed to the loss. The market position of Malaysian Newsprint Industries (MNI) has deteriorated in the quarter due to operational challenges, higher recovered paper prices and continued low Asian newsprint prices. As a consequence, impairment of the value of the investment will be recognized in the 2Q17 accounts.

Cash and cash equivalents amounted to NOK 496 million at quarter end 2Q17. The cash position was impacted by delayed interest payments of NOK 211 million. Around NOK 250 million of the cash and cash equivalents are restricted and group operations also require a NOK 200 million level of working capital.

Outlook

In recent discussions with bondholders, the following projections for the group have been applied:

- Operating revenues were projected at NOK 12.0 billion for each of 2017, 2018 and 2019
- Gross operating earnings were projected at NOK 947 million for 2017 and NOK 997 million for each of 2018 and 2019
- Capital expenditures / investing cash flows were projected at an average of NOK 250m per year across 2017-2019
- Free cash flow available for debt service was projected at NOK 470 million for 2017 and NOK 660 million for each of 2018 and 2019

We note that these projections are highly sensitive to several base assumptions on variables including (but not limited to) FX and input costs. Illustratively, and assuming that other variables are kept constant, a 1% depreciation of the NOK relative to other currencies improves the group's annual gross operating earnings by around NOK 30 million; similarly, a 1% change in publication paper prices impacts the group's annual gross operating earnings by around NOK 100 million.

The information in this "Outlook" section contains "forward- looking statements"- that is, statements related to future, not past, events- as well as financial projections. Forward- looking statements and projections address our expected future business and financial performance including our financial projections and proposed business plan, and often contain words such as "expects", "anticipates", "intends", "plans", "believes", "seeks" or "will". We do not typically make long- term projections as to future operating revenues, gross operating earnings, capital expenditures, free cash flow or other results for extended periods due to, among other things, the unpredictability of the assumptions and estimates underlying such projections. Forward- looking statements and projections by their nature address matters *that are, to different degrees, uncertain and depend upon important estimates and assumptions concerning our financial and operating results, including with respect to our publication pricing expectations, many of which are subject to change. No representations or warranties are made by us as to the accuracy of any such forward- looking statements or projections. Additionally, the projections and forward- looking statements contained herein have not been prepared with a view toward public disclosure, and the inclusion of this information should not be regarded as an indication that we consider it to be necessarily predicative of actual future results. While presented with numeric specificity, the financial projections contained herein reflect numerous estimates and assumptions with respect to publication market conditions, general economic conditions, publication paper prices and matters other matters specific to our business, all of which are difficult to predict and many of which are beyond our control. There is significant risk that our current estimates and assumptions may not be accurate and that our actual results will vary significantly from our projected results. In addition, since our projections cover multiple years, such information by its nature becomes less predictive guidance. Whether or not our projections are in fact achieved will also depend upon future events outside of our control. Accordingly, readers are cautioned not to rely on the following forward- looking statements and projections contained herein. We do not undertake to update our forward- looking statements or projections, whether as a result of new information, future events or otherwise, except as may be required by law. For description of some of the risks and uncertainties that may affect our future results, readers should see the risk factors described in the exchange offer and consent solicitation memorandum.*

EXHIBIT

(SSCG PROPOSAL)

Combined SSN and NSF Proposal

Exchange	■ SSN are exchanged at 105.875%, plus accrued interest ■ NSF is exchanged at par plus accrued interest ■ SSN and NSF exchange into €350m of reinstated SSN (non-call life with [5]% annual amortization @ 104.5%, 9.000% coupon and Dec-21 maturity) ■ Upon any JV or strategic investment, reinstated SSN to be redeemable at 104.5% ■ Bond/equity and bond-only election option for SSN and NSF holders as part of part of a mix and match approach to be agreed
Pre-Money Equity Allocation	■ Reinstated SSN to receive 75% equity stake ■ PENs to receive 15%, SUNs and Perps 5% and common equity 5% of the equity ■ MIP to be agreed; will dilute all shareholders pro-rata
Backstop	■ Ad Hoc Committees of NSF and SSN to backstop €70m cash equity offering, pro rata to their reinstated SSN holdings (at 4.5x valuation) ■ Willing to first offer to the PENs and other junior stakeholders (SUNs, Perps and common equity) at a 5.5x valuation, and then to third party investors at a 6.0x valuation ■ Management to propose projects to be funded, majority shareholders to approve ■ Cash to be used for fees & expenses, remaining amount to stay on balance sheet for [x] months for eligible approved capex projects, thereafter used to repay reinstated SSN at 104.5% plus accrued interest ■ Underwriting fees for providing the backstop of 7% of the capital raised

Warrants	■ Proposed post new money splits will be subject to the granting of penny warrants to the equitizing secured claims pro rata which:
	    ■ Would entitle holders to 10% of the post new money equity and be exercisable at any time post 1 year anniversary of the deal provided that the Valuation Threshold below is not met
	    ■ Valuation Threshold would be where the pro forma stock trades above NOK [•] per share (calculated to equate to a original par plus accrued recovery for the secured claims) for 90 consecutive trading days prior to 1 year anniversary of deal
	    ■ Warrants would be automatically cancelled in the event Valuation Threshold is met within 1 year anniversary of deal

Governance	■ Board and all material committees thereof (nomination, remuneration, audit etc.) to be controlled by the largest shareholders
Other	■ SSN and NSF Ad Hoc Committees agree to work together on contingency planning ■ Fee coverage by company for SSN and NSF financial and legal advisors ■ Interim funding terms provided

This press release may include projections and other “forward-looking” statements within the meaning of applicable securities laws. Any such projections or statements reflect the current views of Norske Skogindustrier ASA or its subsidiaries (“Norske Skog”) about further events and financial performance. Although Norske Skog believes that these views and assumptions are reasonable, the statements are subject to numerous factors, risks and uncertainties that could cause actual outcomes and results to be materially different from those projected. No assurances can be given that such events or performance will occur as projected and actual results may differ materially from these projections.

This press release shall not constitute an offer to sell or a solicitation of an offer to purchase any securities in the Unites States, and shall not constitute an offer, solicitation or sale in any state or jurisdiction in which such an offer, solicitation or sale would be unlawful. Nothing herein shall be taken as constituting the giving of investment advice and this press release is not intended to provide, and must not be taken as, the basis of any decision and should not be considered as a recommendation to acquire any securities of Norske Skog. The securities have not been and will not be registered under the Securities Act of 1933 (the “Securities Act”). The securities may not be offered or sold in the United States absent registration under the Securities Act or an applicable exemption from registration requirements. Any public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained from the issuer and that will contain detailed information about the company and management, as well as financial statements. This press release is being issued pursuant to and in accordance with Rule 135e under the Securities Act.

In member states of the European Economic Area, this press release (and any offer of the securities referred to herein if made subsequently) is only addressed to and directed at persons who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive.

This press release is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2) of the Order or (iv) persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) in connection with the issue or sale of any notes may otherwise be lawfully communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). Any investment activity to which this communication relates will only be available to and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.