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3 May 2018

NOTICE TO THE HOLDERS OF:

- **NORSKE SKOG AS €290,000,000 11.75% Senior Secured Notes due 2019 (Regulation S ISIN: XS1181663292, Rule 144A ISIN: XS1181663532) (the “Senior Secured Notes”);**
- **NORSKE SKOG HOLDING AS €159,017,000 8.00% Senior Notes due 2021 (Regulation S ISIN: XS1193909154, Rule 144A ISIN: XS1193907968) (the “2021 Notes”);**
- **NORSKE SKOG HOLDING AS U.S.\$60,649,000 8.00% Senior Notes due 2023 (Regulation S ISIN: USR59730AA00, Regulation S CUSIP: R59730AA0, Rule 144A ISIN: US65653AAA88, Rule 144A CUSIP: 65653AAA8) (the “2023 Notes”);**
- **NORSKE SKOGINDUSTRIER ASA €114,212,347 3.5% cash/3.5% PIK Senior Notes due 2026 (Regulation S ISIN: XS1394812595, Rule 144A ISIN: XS1394812751) (the “2026 Notes”);**
- **NORSKE SKOGINDUSTRIER ASAU.S.\$200,000,000 7.125% Senior Notes due 2033 (Regulation S ISIN: USR80036AQ09—CUSIP: R80036AQ0 Rule 144A ISIN: US656533AC01—CUSIP: 656533AC0) (the “2033 Notes”); AND**
- **NORSKE SKOGINDUSTRIER ASA €78,954,372 2.0% PIK Perpetual Notes due 2115, (Regulation S ISIN: XS1394812918, Rule 144A ISIN: XS1394813213) (the “2115 Notes”).**

Oceanwood new owner of Norske Skog AS

Today, a wholly owned subsidiary of Oceanwood Opportunities Master Fund (Oceanwood or the Buyer) entered into a sale and purchase agreement (the SPA) with Citibank, N.A., London Branch, as security agent (the Security Agent) pursuant to an intercreditor agreement between among others, Norske Skog AS (Norske Skog) and the Security Agent (the Intercreditor Agreement). The SPA sets out the terms on which the Buyer will purchase and the Security Agent will sell the entire issued share capital of Norske Skog (the Shares) and its direct and indirect subsidiaries (the Norske Skog Group), and certain secured intercompany liabilities (the Intercompany Loans) owed to certain former Norske Skog Group holding companies now in bankruptcy.

John Chiang, an Investment Adviser of Oceanwood, says: *“Our first investment in Norske Skog was back in 2015 and we have supported and worked constructively with the group since. In November 2017, as it became apparent that it would be difficult to reach a consensual solution and solve the financial issues in the former Norske Skogindustrier holding structure, we decided to act to protect the operating companies. With the subsequent auction process now concluded, we are very excited to team up with Norske Skog’s management and employees. We share the ambition to see the new Norske Skog Group succeed and to realise the potential that we believe is inherent in the business as it continues to transform and grow.”*

Following a four-month competitive auction process in which more than 100 prospective bidders were approached, Oceanwood emerged as the winning bidder by offering the highest net proceeds in cash for the Shares and the Intercompany Loans based on the current assumptions of the relevant purchase price adjustments that will be made on completion of the transaction.

Sven Ombudstvedt, the chairman of the board of Norske Skog AS, says: *“This is one of the most important milestones for the Norske Skog Group in recent years. It concludes almost two years of*

relentless efforts and engagement to address the Norske Skog Group's excessively levered capital structure. Oceanwood's decision to acquire a majority position in the secured bond and the decision to initiate a sales process proved to be the key to resolving the stalemate that was threatening the future of the operating business."

The board and management of Norske Skogindustrier ASA initiated the process of addressing its unsustainable capital structure in October 2016 with representatives of its secured and unsecured financial creditors. Despite lengthy and constructive negotiations, the creditors and the shareholders did not reach any consensual capital restructuring solution. The board of Norske Skogindustrier ASA filed for bankruptcy in December 2017.

Lars P. S. Sperre, the President and CEO of Norske Skog says: *With Oceanwood as a financially strong new owner, the Norske Skog Group and our employees now have a unique opportunity to further develop a sustainable business platform capable of strengthening our core business and investing in promising new growth projects. We would sincerely like to thank our customers, suppliers and employees who have demonstrated a tremendous amount of trust and support throughout this process, and we look forward to continuing to work with all of you in the future."*

Process initiated in October 2016

The board and management of Norske Skogindustrier ASA initiated the process of addressing its unsustainable capital structure in October 2016. Negotiations for a consensual corporate and capital restructuring with representatives of its secured and unsecured financial creditors were held until the bankruptcy filing in December 2017. Whilst creditors and shareholders acknowledged the need to equitise a large portion of the debt and the value allocation amongst the various stakeholders had extensive support, it was in the end not possible to reach an agreement on a consensual restructuring.

Following the failure by Norske Skog in June 2017 to pay certain amounts of interest, which had accrued under its EUR 290 million 11.75% senior secured notes due 2019 (the SSNs) due in June 2017, and the expiry of applicable grace periods, an event of default occurred and remained outstanding under the SSNs. As a result, the majority holders of the SSNs (i) instructed the trustee in respect of the SSNs to accelerate the liabilities under the SSNs on 12 September 2017; and (ii) took steps to appoint independent directors nominated by such holders of the SSNs to the board of directors of Norske Skog.

In November 2017, when it became apparent that a consensual solution could not be agreed between the many different creditor groups and other stakeholders, Norske Skog launched a public sales process in which the holders of the SSNs and other creditors of the group (among many other interested bidders) were entitled to participate (the M&A Process).

As part of the M&A Process, the Shares and the Intercompany Loans were marketed on the expectation that an enforcement sale of those Shares and Intercompany Loans could be carried out by the Security Agent (as seller). The sale was expected to be made by way of a forced sale under Norwegian law in accordance with the rights of the Security Agent under (1) the pledge over the Shares granted in favour of the Security Agent; and (2) the security granted in favour of the Security Agent in respect of the Intercompany Loans.

The M&A Process was publicly launched on 13 December 2017, and has been structured, fair, competitive and impartial, with appropriate safeguards being maintained by Norske Skog. The process has been monitored by the financial advisers of both Norske Skog and the Security Agent throughout, and with a wide range of trade parties, financial investors and creditors demonstrating a strong interest during the entire process. Oceanwood was selected as the winning bidder under the M&A Process on the basis that it submitted the highest offer in cash for the Shares and the Intercompany Loans and offered the highest level of certainty in respect of deal terms and its financing arrangements.

Following the conclusion of the M&A Process, the majority holder of the SSNs and the EUR 16 million liquidity facility (the Liquidity Facility) instructed the Security Agent to, amongst other matters (1) enter into the SPA with Oceanwood; and (2) to release at closing certain liabilities of Norske Skog Group and certain security granted over assets of the Norske Skog Group (together, the Enforcement Instruction).

Transaction details

Based on the current assumptions of the relevant purchase price adjustments that will be made on completion of the transaction, net cash proceeds are estimated at approximately EUR 235 million (the Sales Proceeds).

The Sales Proceeds will be distributed by the Security Agent to the holders of the SSNs and the lenders under the Liquidity Facility in accordance with the waterfall prescribed under the Intercreditor Agreement, representing an estimated recovery of approximately 69%, based on the outstanding liabilities under the SSNs and the Liquidity Facility as at 31 December 2017. As a result, no recoveries will be available from the sale of the Shares or the Intercompany Loans to the holders of the EUR 159 million senior notes due 2021 and the USD 61 million senior notes due 2023 (together the PENs) which were guaranteed by Norske Skog and certain other members of the Norske Skog Group.

This transaction values the Norske Skog Group at an Enterprise Value of in excess of 5x EBITDA for the twelve-month period ending 31 March 2018. During the twelve-month period ending 31 March 2018, Norske Skog generated revenue of approximately NOK 11.8 billion (~EUR 1.2 billion) and EBITDA of NOK 786 million (~EUR 82 million).

New beginning and new capital structure

With the combined effects of the transaction and the bankruptcies of certain former group companies, approximately NOK 7.6 billion (~EUR 812 million) of the NOK 9.3 billion (~EUR 983 million) debt claims owed by the Norske Skog Group and its former holding companies as at 30 September 2017 will either be repaid or released and discharged, in the following manner:

- the Sales Proceeds shall be applied by the Security Agent in accordance with the waterfall in the Intercreditor Agreement;
- to the extent that any liabilities represented by the SSNs and the Liquidity Facility are not fully discharged by the application of the Sales Proceeds, the Security Agent, in accordance with the Enforcement Instruction and the terms of the Intercreditor Agreement, will, among other things, release the Norske Skog Group from any liabilities (including any guarantee liabilities) which remain outstanding under the SSNs and the Liquidity Facility together with any security granted over the assets of the Norske Skog Group which may secure such liabilities;
- given that no recoveries will be available to the holders of the PENs, the Security Agent, in accordance with the Enforcement Instruction and the terms of the Intercreditor Agreement, will release the Norske Skog Group from the guarantee liabilities under the PENs;
- the Security Agent, in accordance with the Enforcement Instruction and the terms of the Intercreditor Agreement, will also release certain other borrowing, guarantee and other liabilities of the Norske Skog Group;
- the Intercompany Loans will be purchased by Oceanwood under the SPA; and
- the Unsecured Intercompany Loans will be purchased by Oceanwood under the APA, as described below.

On a pro-forma basis and excluding the transaction debt, the current financial net debt of the Norske Skog Group is NOK 1.4 billion (~EUR 145 million), or 1.7x EBITDA, for the twelve-month period ending 31 March 2018. This includes the EUR 111 million Norwegian Securitisation Facility (NSF, owed to Oceanwood) and other secured and unsecured short-term debt, securitisation debt and financial leases.

To further facilitate a clean and value generative sale of the Norske Skog Group, certain unsecured intercompany liabilities (the Unsecured Intercompany Loans) owed by various members of the Norske Skog Group to certain holding companies of Norske Skog which are now in bankruptcy will be acquired by Oceanwood pursuant to an asset purchase agreement (the APA) entered into between Norske Skog Holding AS bankruptcy estate, Norske Treindustrier AS bankruptcy estate, Lysaker Invest AS bankruptcy estate, Norske Skogindustrier ASA bankruptcy estate, Norske Skog Eiendom AS bankruptcy estate (as sellers), Oceanwood (as buyer), the Security Agent and Norske Skog.

Next Steps

The transaction is subject to Oceanwood obtaining the relevant antitrust and other regulatory approvals in the countries concerned (including Australia and New Zealand), which is currently anticipated to be obtained in the second half of 2018.

Advisors

Linklaters LLP and Advokatfirmaet Wiersholm AS acted as legal advisers to Norske Skog (amongst other local legal advisers) and Evercore Partners International LLP (Evercore) acted as financial adviser in connection with the M&A Process.

Allen & Overy LLP and Arntzen de Besche Advokatfirma AS acted as legal advisors to the Security Agent and PricewaterhouseCoopers LLP (PwC) acted as financial advisor and delivered a fairness opinion on the Sales Proceeds, to the Security Agent.

About Norske Skog

Norske Skog is a leading producer of publication paper with strong market positions in Europe, where it occupies a top-tier publication paper position, and Australasia, where Norske Skog is a leading producer of publication paper in a concentrated market.

Norske Skog operates a total of seven profitable paper mills strategically located close to attractive markets and with total paper production capacity of 2.7 million tons, comprising 1.8 million tons of newsprint and 0.9 million tons of magazine paper (supercalandered and coated mechanical).

About Oceanwood

Oceanwood is an independent investment management firm founded in 2006. Located in London and Malta, the firm manages over US\$2 billion of capital, primarily for public pension plans and other institutional investors. Oceanwood is dedicated to investing in companies across Europe and employs a deep, fundamental approach to investing. The firm focuses on balance sheet sustainability and employs a constructive approach to working with management teams aiming to achieve positive results for its stakeholders.

Norske Skog
Communications and Public Affairs

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