

2010

Q4 REPORT



OUR BUSINESS

Norske Skog is a world leading producer of newsprint and magazine paper. The group has 14 fully or partly owned mills in 11 countries and an annual production capacity of 4.5 million tonnes. Through 44 sales offices and agents, newsprint and magazine paper is sold to over 80 countries. The group has 5 300 employees.

The parent company, Norske Skogindustrier ASA is incorporated in Norway and has its head office at Lysaker outside of Oslo. The company is listed on the Oslo Stock Exchange.

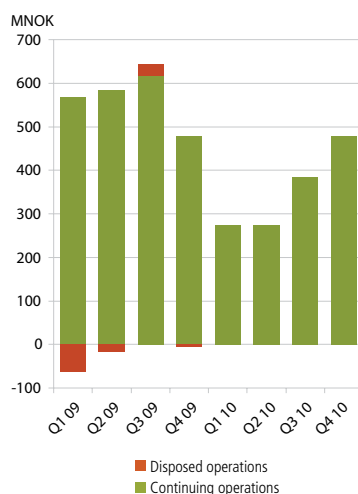
KEY FIGURES (UNAUDITED)

	OCT-DEC 2010	JUL-SEP 2010	OCT-DEC 2009	YTD 2010	YTD 2009
INCOME STATEMENT					
Operating revenue	5 160	4 795	4 909	18 986	20 362
Gross operating earnings	479	384	472	1 413	2 185
Operating earnings	-46	-326	1 075	-2 379	-1 325
Net profit/loss for the period	-198	-244	667	-2 469	-1 400
Earnings per share (NOK)	-1.06	-1.28	3.53	-12.97	-6.36
CASH FLOW					
Net cash flow from operating activities	113	336	537	397	1 697
Net cash flow from investing activities	-38	724	-354	415	-587
Cash flow per share (NOK)	0.59	1.77	2.83	2.09	8.95
OPERATING MARGIN AND PROFITABILITY (%)					
Gross operating margin	9.3	8.0	9.6	7.4	10.7
Return on capital employed	0.2	-0.7	-0.1	-3.1	-1.2
Return on equity	-2.0	-2.4	5.7	-22.2	-10.9
Return on assets	-0.1	-1.0	3.2	-7.5	-3.1
PRODUCTION / DELIVERIES / CAPACITY UTILISATION					
Production (1 000 tonnes)	1 050	1 005	966	3 998	3 895
Deliveries (1 000 tonnes)	1 062	1 017	1 007	4 013	3 894
Production / capacity (%)	94	90	84	89	79
BALANCE SHEET					
Non-current assets	19 271	20 023	20 873	22 235	23 546
Current assets	10 027	9 573	9 674	9 336	9 609
Total assets	29 297	29 596	30 547	31 571	33 155
Equity	10 183	10 136	10 478	11 044	12 015
Net interest-bearing debt	8 889	8 998	10 299	9 465	9 595
Gearing (net interest-bearing debt / equity)	0.87	0.89	0.98	0.86	0.80

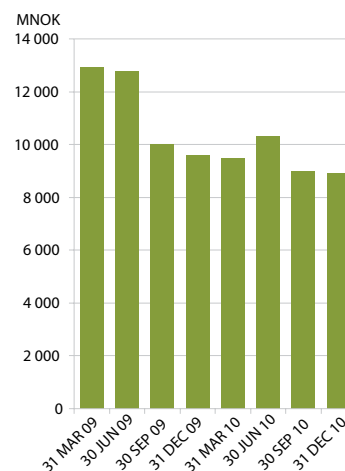
OPERATING REVENUE



GROSS OPERATING EARNINGS



NET INTEREST-BEARING DEBT





// Fra Norske Skog Follum

REPORT OF THE BOARD OF DIRECTORS

FOURTH QUARTER OF 2010

- // Gross operating earnings in the fourth quarter of 2010 NOK 479 million (NOK 384 million in the third quarter). Increase in earnings of NOK 74 million when non-recurring items are excluded
- // Higher volumes and capacity utilisation of 94 per cent
- // Net loss of NOK 198 million (loss of NOK 244 million in the third quarter)
- // Entered into long-term agreement for supply of 800 GWh of electricity to Norske Skog Skogn
- // Entered into agreements for the sales of property in Norway
- // Best ever health, safety and environment performance

INCOME STATEMENT

		OCT-DEC 2010	JUL-SEP 2010	OCT-DEC 2009	YTD 2010	YTD 2009
Operating revenue	NOK mill	5 160	4 795	4 909	18 986	20 362
Gross operating earnings *)	NOK mill	479	384	472	1 413	2 185
Gross operating earnings after depreciation **)	NOK mill	30	-129	-27	-578	-280
Operating earnings	NOK mill	-46	-326	1 075	-2 379	-1 325
Profit/loss before income taxes	NOK mill	-260	-278	887	-3 320	-1 019
Net profit/loss for the period	NOK mill	-198	-244	667	-2 469	-1 400

*) Operating earnings before depreciation, restructuring expenses, other gains and losses and impairments.

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COMPARABILITY

Norske Skog's total production capacity was 1 121 000 tonnes in the fourth quarter of 2010. This is unchanged from previous quarters, so that the capacity for full year 2010 was 4 483 000 tonnes. The equivalent capacity in the fourth quarter of 2009 was 1 149 000 tonnes, and 4 947 000 tonnes for the full year. The reduction from 2009 to 2010 is due to the closure of a paper machine at Norske Skog Parenco in June 2009 and the sale of two mills in China with accounting impact from 1 July and 1 November 2009.

Income relating to pensions has been recognised in the fourth quarter of 2010, in connection with the transition from a defined benefit to a defined contribution plan in Norway. In addition, income has been recognised at Norske Skog Walsum as the company's pension plan has been curtailed and closed, and there is also an increased pension provision at one of the sales offices in Europe. Total income recognised in relation to pensions amounts to NOK 129 million. This amount is presented as a reduction of Employee benefit expenses, and must be excluded when making comparisons with earlier periods. Income of NOK 108 million was recognised in the third quarter of 2010 in connection with the review of environmental liabilities at the Norske Skog Boyer in Australia. This amount was presented as a reduction of Other operating expenses. None of these non-recurring items have a cash impact.

GROUP COMMENT -
GROSS OPERATING EARNINGS

Fourth quarter 2010 compared with third quarter 2010

When the non-recurring items mentioned above are excluded, gross operating earnings in the fourth quarter of 2010 are NOK 74 million higher than in the third quarter. Earnings have improved in the segments Magazine Paper, Energy and Other activities, while earnings have declined in the Newsprint segment. Volumes have increased by 4-5 per cent, largely due to seasonal variations. As in previous periods, the strongest results have been delivered by the operations in Australasia.

Depreciation in the fourth quarter of 2010 is NOK 63 million lower than the third quarter. This is mainly due to a new assessment of the expected useful life at the mills in Australasia, which has an impact on depreciation from the fourth quarter.

Fourth quarter 2010 compared with fourth quarter 2009

When non-recurring items are excluded, gross operating earnings in the fourth quarter of 2010 are NOK 122 million lower than in the fourth quarter of 2009. The decline in earnings is mainly due to a sharp fall in prices in Europe from the beginning of 2010, and increased prices for several input factors. This is to some extent offset by higher volumes and stronger results in the segments Energy and Other activities.

Full year 2010 compared with full year 2009

Reported gross operating earnings were NOK 1 413 million in 2010 compared to NOK 2 185 million in 2009. When various non-recurring items are excluded, the result in 2010 is around NOK 1 billion weaker than in the previous year. The main reasons for this are mentioned above, as well as the fact that NOK has on average been significantly stronger against several major currencies in 2010 compared with 2009. Capacity utilisation for the full year 2010 was 89 per cent, compared with 79 per cent in 2009.

SPECIAL ITEMS IN THE OPERATING EARNINGS UNDER IFRS

		OCT-DEC 2010	JUL-SEP 2010	OCT-DEC 2009	YTD 2010	YTD 2009
Restructuring expenses	NOK mill	-25	-22	-90	-57	-396
Other gains and losses	NOK mill	-77	-175	1 418	-1 578	1 233
Impairments	NOK mill	27	0	-226	-165	-1 883

Restructuring expenses in the fourth quarter of 2010 and in previous quarters are essentially related to redundancy costs in connection with headcount reductions.

Other gains and losses in the fourth quarter of 2010 consists of the

change in value of energy contracts and biological assets of minus NOK 187 million, and gain on the sales of property, etc. of NOK 110 million. The figure for the full year 2010 includes a loss of NOK 382 million on the sale of excess energy in Southern Norway.

FINANCIAL ITEMS

		OCT-DEC 2010	JUL-SEP 2010	OCT-DEC 2009	YTD 2010	YTD 2009
Net interest costs (excluding interest-rate derivatives)	NOK mill	-182	-207	-201	-775	-921
Realised and unrealised gains/losses on interest-rate derivatives	NOK mill	1	8	51	22	7
Realised/unrealised gains/losses on currency	NOK mill	-20	261	-11	-136	1 097
Gain buy-back of bonds	NOK mill	0	0	7	7	284
Other financial items	NOK mill	-12	-12	-36	-42	-187
Total financial items	NOK mill	-213	50	-188	-924	280

*) Currency gains and losses on account receivables and account payables are reported as operating revenue and cost of materials respectively.

There were relatively small changes in exchange rates during the fourth quarter of 2010. Currency effects included in financial items for the full year 2010 amount to minus NOK 136 million. In 2009 there were

large gains on currency hedging as a result of the significant strengthening of NOK throughout the year.

CASH FLOW

		OCT-DEC 2010	JUL-SEP 2010	OCT-DEC 2009	YTD 2010	YTD 2009
Gross operating earnings	NOK mill	479	384	472	1 413	2 185
Change in working capital and adjustments *)	NOK mill	-130	-42	197	-564	225
Cash from net financial items	NOK mill	-198	3	-78	-520	-548
Taxes paid	NOK mill	-38	-9	-55	67	-166
Net cash flow from operating activities	NOK mill	113	336	537	397	1 697
Purchases of fixed assets	NOK mill	-137	-85	-180	-411	-580

*) Includes items with no cash effect included in gross operating earnings, and items with cash effect included in restructuring expenses and other gains and losses.

Cash flow from operating activities, after paid financial items and taxes was NOK 223 million lower in the fourth quarter of 2010 than in the preceding quarter, and the main reason for this is that the majority of the group's interest payments fall due for payment in the second and fourth quarters.

Cash flow for the full year 2010 was NOK 1.3 billion lower than in the previous year. The biggest impact comes from lower gross operating

earnings, but 2010 is also affected by the fact that redundancy expenses that were provided for in 2009 were paid in 2010. Investments in fixed assets amounted to NOK 411 million in 2010 and these were, to a large extent, maintenance investments. There was also a capital contribution of NOK 66 million in connection with the new long-term power contract at Norske Skog Golbey in France.

BALANCE SHEET

		31 DEC 2010	30 SEP 2010	31 DEC 2009
Non-current assets	NOK mill	19 271	20 023	23 546
Cash and cash equivalents	NOK mill	4 440	4 461	4 241
Other current assets	NOK mill	5 586	5 112	5 368
Total assets	NOK mill	29 297	29 596	33 155
Equity including minority interests	NOK mill	10 183	10 136	12 015
Non-current liabilities	NOK mill	13 875	16 104	17 316
Current liabilities	NOK mill	5 240	3 356	3 824
Net interest-bearing debt	NOK mill	8 889	8 998	9 595

Equity including minority interests was NOK 10 183 million per 31 December 2010, which is a slight increase from 30 September 2010. Equity per share was NOK 54. A more detailed specification of the changes in equity is provided later in this report.

Net interest-bearing debt was reduced by NOK 109 million during the fourth quarter of 2010 and was NOK 8.9 billion as at 31 December 2010. The average time to maturity of the interest-bearing gross debt is 5.1 years as at 31 December 2010. Debt maturing in 2011 is presented

within current liabilities at the year-end, and consists primarily of a USD-denominated bond loan maturing in October 2011. The gearing ratio (net interest-bearing debt to equity) was 0.87 per 31 December 2010, compared with 0.89 at the end of the previous quarter.

Total assets have decreased by approximately NOK 3.9 billion during 2010. The main reason is that investments are lower than depreciation, and that the value of the energy portfolio is reduced. Net interest-bearing debt was reduced by NOK 706 million during the year.

SEGMENT INFORMATION

From the first quarter of 2010, the geographical regions in the Newsprint segment were changed, such that the figures were presented for Newsprint Europe and Newsprint outside Europe. Sales offices and

other administrative entities are reported separately, as earlier, and not allocated to the geographical regions.

Newsprint total - Key figures		OCT-DEC 2010	JUL-SEP 2010	OCT-DEC 2009	YTD 2010	YTD 2009
Operating revenue	NOK mill	3 138	2 944	2 999	11 535	13 073
Gross operating earnings	NOK mill	244	352	383	1 059	1 684
Gross operating earnings after depreciation	NOK mill	-61	-20	57	-363	-91
Gross operating margin	%	7.8	12.0	12.8	9.2	12.9
Production	1 000 tonnes	722	688	653	2 748	2 786
Deliveries	1 000 tonnes	731	693	693	2 746	2 798
Production / capacity	%	94	89	82	89	79

The Newsprint segment includes the geographical regions Newsprint Europe, Newsprint outside Europe, sales offices and other activities. Gross operating earnings in the fourth quarter of 2010 are weak, and around NOK 20 million lower than in the previous quarter when non-recurring items are excluded. The decline in earnings is from the European operations, while earnings for operations outside Europe are

about the same.

Based on preliminary statistics, the global demand for standard newsprint increased by around 1.5 per cent in the period January to November 2010, compared with the equivalent period in 2009. There was increased demand in most regions, but demand declined by six per cent in USA.

Newsprint Europe - Key figures		OCT-DEC 2010	JUL-SEP 2010	OCT-DEC 2009	YTD 2010	YTD 2009
Operating revenue	NOK mill	1 551	1 374	1 549	5 642	6 199
Gross operating earnings	NOK mill	-3	-18	151	0	779
Gross operating earnings after depreciation	NOK mill	-149	-174	-30	-612	-37
Gross operating margin	%	-0.2	-1.3	9.7	0.0	12.6
Production	1 000 tonnes	417	388	350	1 561	1 408
Deliveries	1 000 tonnes	429	386	371	1 566	1 405
Production / capacity	%	95	88	80	89	75

Gross operating earnings in the fourth quarter of 2010 were around NOK 20 million lower than in the previous quarter when non-recurring items are excluded. There was some increase in volumes in November and December, but gross margin was low due to price levels. The positive volume impact was offset by higher energy costs in the continent, and to some extent timber costs.

Earnings were weaker in 2010 compared with 2009, both in the fourth quarter and for the year as a whole. The main reason is around

20 per cent lower prices in most European markets as well as increased costs, primarily for recovered paper.

Demand for standard newsprint in Europe increased by two per cent in 2010. This, along with the closure of three mills, lower imports from North America and increased exports out of Europe, resulted in a better market balance, and higher capacity utilisation in 2010. Higher prices are expected in 2011, as well as more quarterly price agreements.

REPORT OF THE BOARD OF DIRECTORS - FOURTH QUARTER 2010

Newsprint outside Europe – Key figures

		OCT-DEC 2010	JUL-SEP 2010	OCT-DEC 2009	YTD 2010	YTD 2009
Operating revenue	NOK mill	1 504	1 495	1 369	5 617	5 896
Gross operating earnings	NOK mill	269	369	216	1 065	881
Gross operating earnings after depreciation	NOK mill	111	153	71	257	-74
Gross operating margin	%	17.9	24.7	15.8	19.0	14.9
Production	1 000 tonnes	306	300	303	1 187	1 378
Deliveries	1 000 tonnes	302	307	322	1 181	1 393
Production / capacity	%	93	91	84	90	82

The region Newsprint outside Europe comprises the operations in Australasia, South America and Asia. Total annual production capacity is 1 320 000 tonnes, of which 880 000 tonnes are in Australasia. As mentioned in the introduction to this report, 2010 is not directly comparable with 2009, because of the two mills in China that were sold in the second half of 2009. These two mills had low production levels and weak operating earnings.

On a comparable basis, gross operating earnings in the fourth quarter of 2010 are virtually unchanged compared with the third quarter. As in previous periods, the earnings come mainly from the operations in

Australia and New Zealand, where new five-year sales agreements were entered into during 2010 for the major part of the volume.

Gross operating earnings for the full year 2010 were somewhat better than for 2009. This is largely due to price increases in Australasia from July 2010, but is also partly due to the sale of mills in China.

In all three regions outside Europe where Norske Skog has production, there has been increased demand in 2010 compared with 2009. In the period from January to November 2010, demand for newsprint in these areas increased by around five per cent. It must be assumed that some of the increase is due to customers increasing their inventory levels.

Magazine paper - Key figures

		OCT-DEC 2010	JUL-SEP 2010	OCT-DEC 2009	YTD 2010	YTD 2009
Operating revenue	NOK mill	1 691	1 606	1 674	6 288	6 272
Gross operating earnings	NOK mill	169	41	162	305	689
Gross operating earnings after depreciation	NOK mill	40	-90	-2	-215	44
Gross operating margin	%	10.0	2.5	9.6	4.8	11.0
Production	1 000 tonnes	328	317	313	1 249	1 109
Deliveries	1 000 tonnes	332	324	314	1 266	1 096
Production / capacity	%	94	91	89	89	79

Gross operating earnings in the fourth quarter of 2010 are higher than in the previous quarter, even when non-recurring items in connection with pensions are excluded. The improvement in earnings comes mainly from higher volumes and improved market mix.

Gross operating earnings in 2010 are weaker when compared with 2009. This is due to lower prices from the beginning of 2010 and increased costs for market pulp, which is an important input factor. These negative factors are offset to some extent by higher volumes.

Capacity utilisation for 2010 as a whole was ten percentage points higher than in 2009.

Demand for SC (uncoated) magazine paper was one per cent lower in 2010 compared with 2009, while there was an increase of 11 per cent for LWC (coated) magazine paper. Export markets were also strong, and total shipments from the industry in Europe increased by 11 per cent. Price increases were implemented from July 2010.

REPORT OF THE BOARD OF DIRECTORS - FOURTH QUARTER 2010

Energy - Key figures

		OCT-DEC 2010	JUL-SEP 2010	OCT-DEC 2009	YTD 2010	YTD 2009
Operating revenue	NOK mill	606	527	435	2 218	1 736
Gross operating earnings	NOK mill	56	30	-32	150	-18
Gross operating earnings after depreciation	NOK mill	56	30	-32	150	-18
Operating earnings	NOK mill	-106	-144	1 336	-1 543	972

The ordinary activities of the segment include the purchase and resale of energy to the Norwegian mills and Norske Skog Pisa in Brazil. For accounting purposes, purchase of energy for these mills is booked as a cost of materials in the segment, with resale at contract prices. Other revenue is related to sales of excess energy that Norske Skog has in Norway and Brazil, to external parties. Excess energy in Norway has arisen due to the closure of a paper machine at Norske Skog Follum in the summer of 2008, and the closure of Norske Skog Union in 2006.

Gross operating earnings in the energy sector were higher in the fourth quarter of 2010 than in the previous quarter. Because of a new contract structure with effect from 1 January 2011, gross operating earnings in the energy segment are not expected to be significant going forward.

In addition to the results from the ordinary activities of the segment mentioned above, the operating earnings under IFRS also include

changes in the value of the energy contracts and embedded derivatives. The contracts are recognised in the balance sheet in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*, which means that the value consists of the difference between the estimated market price and the contract price over the contract term, discounted to present value. The group has recognised amounts in the balance sheet relating to contracts in Norway, Brazil and New Zealand. The value can fluctuate significantly from quarter to quarter due to changes in expected future energy prices, and is also affected by changes in currency, price indices and the discount rate used. In the fourth quarter of 2010, there was an increase in value of the contracts in Norway, while there was a fall in the value of the contracts in New Zealand and Brazil. The new power contract at Norske Skog Skogn is solely for own use and will therefore not be subject to valuation, with the exception of the embedded derivatives.

Other activities - Key figures

		OCT-DEC 2010	JUL-SEP 2010	OCT-DEC 2009	YTD 2010	YTD 2009
Operating revenue	NOK mill	586	504	523	2 154	2 064
Gross operating earnings	NOK mill	10	-38	-40	-100	-170
Gross operating earnings after depreciation	NOK mill	-5	-49	-50	-150	-215

Other activities include unallocated group costs and trading activities relating to recovered paper. In the fourth quarter of 2010, income of NOK 24 million was recognised in connection with the transi-

tion from a defined benefit to a defined contribution pension plan in Norway.

NEW LONG-TERM POWER AGREEMENT FOR NORSKE SKOG SKOGN

In December 2010, Norske Skog signed an agreement with Statkraft to supply electricity to the paper mill at Skogn. The agreement ensures the supply of 0.8 TWh (800 million kWh) per year up to 31 December 2022. Norske Skog is negotiating with Nord-Trøndelag Elektrisitettsverk to fill up the total power demand at Skogn with a new long-term contract.

SALE OF ASSETS

A total of NOK 110 million gains on sales of property, etc. in Norway and abroad are recognised in the fourth quarter. An agreement was signed in early January 2011 for the sale of the former industrial area Klosterøya in Norway. As previously announced, work on the sale of forest in Brazil and other smaller properties is also underway.

COST REDUCTIONS

For a long time, it has been a priority to reduce fixed costs and thereby increase cash flow. The main elements of this in the past two years have been the closure of a paper machine at Norske Skog Parenco, workforce reductions at the mills and at corporate headquarters, and other cost reductions in areas such as in maintenance. The reported fixed costs in 2010 amounted to around NOK 4.1 billion, however this amount is influenced by special items such as the income recognised in relation to pensions and environmental provisions. When these items are excluded, the level of fixed costs at the end of 2010 is in excess of NOK 4.3 billion, which is in line with the target. Work on further cost reductions will continue in 2011.

In addition to reduced fixed costs, programmes have also been established for the reduction of costs relating to purchasing and logistics and reductions in consumption factors for variable cost elements. This work has largely offset the effects of the price increases on most input factors during 2010. Moreover, investment levels have been reduced.

HEALTH AND SAFETY

The H-value (the number of lost-time injuries per million working hours) was 0.8 in the 12 month period from 1 January 2010 to 31 December 2010. Nine of the mills had no lost-time injuries in the period. There has been a strong development through 2010, as the H-value was 1.2 in the period from 1 October 2009 to 30 September 2010, and the H-value for the calendar year 2009 was 1.9. The H-value of 0.8 in the calendar year 2010 is the lowest ever recorded.

SHARES

The foreign ownership share was 36 per cent at 31 December 2010, which is 11 percentage points higher than at the previous year-end. A total of 444.1 million Norske Skog shares were traded in 2010, compared with 527.5 million in 2009. The closing price of the Norske Skog share in 2010 was NOK 13.85, which represented an increase of 47 per cent during the year.

DIVIDEND

Based on the company's financial position, the board recommends that no dividend be paid for the accounting year 2010.

OUTLOOK FOR 2011

After a very weak result in 2010, some improvement is expected in 2011; however earnings will still be unsatisfactory. The price level for newsprint in Europe is expected to be higher in 2011 than in 2010, and Norske Skog has implemented quarterly price agreements to a large extent, instead of the previous annual agreements that have been in place. Not all contracts include price regulation from the start of the year, and some of Norske Skog's newsprint tonnage in Europe in the first quarter of 2011 will be sold at prices that applied in 2010. There will also be higher prices for magazine paper in Europe, but price increases measured in per cent will be lower than for newsprint. Price levels are expected to be stable in Australasia.

There is reason to expect higher prices for most input factors, which will to some extent counteract the positive effect on earnings from higher prices in Europe. There are not expected gross operating earnings of any extent in the Energy segment in 2011.

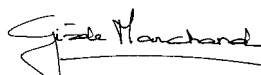
The board emphasizes that there is considerable uncertainty associated with the assessment of future prospects.

Lysaker, 2 February 2011

The Board of Directors of Norske Skogindustrier ASA



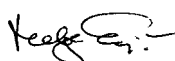
Eivind Reiten
Chair



Gisèle Marchand
Deputy chair



Halvor Bjørken
Board member



Helge Evju
Board member



Alexandra Bech Gjørv
Board member



Einar J. Greve
Board member



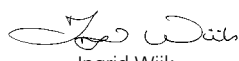
Paul Kristiansen
Board member



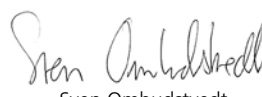
Inge Myrland
Board member



Svein Erik Veie
Board member



Ingrid Wiik
Board member



Sven Ombudstvedt
President and CEO

INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER 2010

INCOME STATEMENT

NOK MILLION	Note	OCT-DEC 2010	JUL-SEP 2010	OCT-DEC 2009	YTD 2010	YTD 2009
Operating revenue	4	5 160	4 795	4 909	18 986	20 362
Distribution costs		-484	-476	-452	-1 856	-1 749
Cost of materials		-3 127	-2 910	-2 678	-11 539	-11 445
Change in inventories		-44	-39	-175	-31	-132
Employee benefit expenses		-590	-712	-726	-2 709	-3 100
Other operating expenses	3	-436	-273	-406	-1 438	-1 751
Gross operating earnings		479	384	472	1 413	2 185
Depreciation	7	-450	-513	-499	-1 991	-2 465
Gross operating earnings after depreciation		30	-129	-27	-578	-280
Restructuring expenses	9	-25	-22	-90	-57	-396
Other gains and losses		-77	-175	1 418	-1 578	1 233
Impairments	3, 7	27	0	-226	-165	-1 883
Operating earnings		-46	-326	1 075	-2 379	-1 325
Share of profit in associated companies		-1	-1	0	-17	25
Financial items		-213	50	-188	-924	280
Profit/loss before income taxes		-260	-278	887	-3 320	-1 019
Income taxes		62	34	-220	851	-380
Net profit/loss for the period		-198	-244	667	-2 469	-1 400
Majority share of net profit/loss for the period		-201	-244	670	-2 462	-1 205
Minority share of net profit/loss for the period		2	1	-3	-6	-194
Basic/diluted earnings per share		-1.06	-1.28	3.53	-12.97	-6.36

STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	OCT-DEC 2010	JUL-SEP 2010	OCT-DEC 2009	YTD 2010	YTD 2009
Net profit/loss for the period	-198	-244	667	-2 469	-1 400
Other comprehensive income					
Currency translation differences	267	-238	-16	532	-1 742
Tax expense on translation differences	-26	0	41	-26	30
Hedge of net investment in foreign operations	25	135	125	162	1 770
Tax expense on net investment hedge	-5	0	-66	-22	-130
Cash flow hedge	0	0	0	0	44
Reclassifications to income statement (divestment of operations)	0	0	18	0	-155
Tax expense on reclassifications	0	0	0	0	0
Other items	-13	2	-1	-9	-1
Tax expense on other items	0	0	-16	0	-34
Other comprehensive income	248	-100	85	637	-218
Other comprehensive income for the period before taxes	279	-100	126	685	-83
Tax expense on other comprehensive income	-31	0	-41	-48	-135
Other comprehensive income	248	-100	85	637	-218
Comprehensive income	50	-344	752	-1 832	-1 618
Majority share of comprehensive income	47	-344	753	-1 828	-1 377
Minority share of comprehensive income	3	0	-1	-4	-241

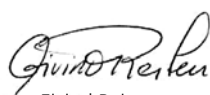
INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER 2010

BALANCE SHEET

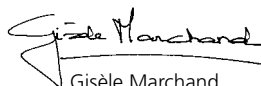
NOK MILLION	NOTE	31 DEC 2010	30 SEP 2010	31 DEC 2009
Deferred tax asset		137	111	128
Other intangible assets		160	193	208
Property, plant and equipment	7	15 909	16 194	17 561
Investment in associated companies		209	214	228
Other non-current assets	6	2 856	3 311	5 420
Total non-current assets		19 271	20 023	23 546
Inventories		2 013	2 030	2 003
Receivables		2 397	2 288	2 511
Cash and cash equivalents	5	4 440	4 461	4 241
Other current assets	6, 8	1 177	795	853
Total current assets		10 027	9 573	9 609
Total assets		29 297	29 596	33 155
Paid-in equity		12 303	12 303	12 302
Retained earnings and other reserves		-2 143	-2 191	-315
Minority interests		22	23	28
Total equity		10 183	10 136	12 015
Pension obligations		559	683	665
Deferred tax liability		923	989	1 836
Interest-bearing non-current liabilities	5	11 717	13 505	13 892
Other non-current liabilities	6	676	927	922
Total non-current liabilities		13 875	16 104	17 316
Interest-bearing current liabilities	5	1 954	315	355
Trade and other payables		3 074	2 809	3 196
Tax payable		32	32	35
Other current liabilities	6	180	200	237
Total current liabilities		5 240	3 356	3 824
Total liabilities		19 115	19 460	21 140
Total equity and liabilities		29 297	29 596	33 155

Lysaker, 2 February 2011

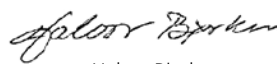
The Board of Directors of Norske Skogindustrier ASA



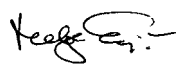
Eivind Reiten
Chair



Gisèle Marchand
Deputy chair



Halvor Bjørken
Board member



Helge Evju
Board member



Alexandra Bech Gjørv
Board member



Einar J. Greve
Board member



Paul Kristiansen
Board member



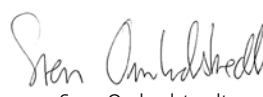
Inge Myrland
Board member



Svein Erik Veie
Board member



Ingrid Wiik
Board member



Sven Ombudstvedt
President and CEO

INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER 2010

CASH FLOW STATEMENT

NOK MILLION	OCT-DEC 2010	JUL-SEP 2010	OCT-DEC 2009	YTD 2010	YTD 2009
Cash generated from operations	5 018	4 738	5 056	18 920	21 144
Cash used in operations	-4 669	-4 397	-4 386	-18 070	-18 734
Cash from net financial items	-198	3	-78	-520	-548
Taxes paid	-38	-9	-55	67	-166
Net cash flow from operating activities ¹⁾	113	336	537	397	1 697
Purchases of fixed assets	-137	-85	-180	-411	-580
Sales of fixed assets	108	44	20	168	45
Dividend received	0	0	0	0	68
Acquisition of shares in companies and other financial instruments	-10	0	0	-112	-2
Sales of shares in companies and other financial instruments	0	766	-193	770	-117
Net cash flow from investing activities	-38	724	-354	415	-587
New loans raised	5	30	6	53	4 753
Repayments of loans	-117	-158	-816	-465	-6 901
Purchase/sale of treasury shares	0	0	0	1	-1
New equity	0	0	0	1	0
Net cash flow from financing activities	-112	-126	-810	-409	-2 149
Foreign currency effects on cash and cash equivalents	-19	-135	-47	-204	-915
Total change in cash and cash equivalents	-56	799	-675	199	-1 954
^{1) Reconciliation of net cash flow from operating activities}					
Gross operating earnings	479	384	472	1 413	2 185
Restructuring expenses	-25	-22	-90	-57	-396
Change in working capital	-10	73	257	-245	593
Other items in operating earnings with/without cash effects	-95	-93	30	-262	28
Cash flow from net financial items	-198	3	-78	-520	-548
Taxes paid	-38	-9	-55	67	-166
Net cash flow from operating activities	113	336	537	397	1 697

STATEMENT OF CHANGES IN GROUP EQUITY

NOK MILLION	PAID-IN EQUITY	RETAINED EARNINGS	HEDGE ACCOUNTING	OTHER EQUITY RESERVES	TOTAL BEFORE MINORITY INTERESTS	MINORITY INTERESTS	TOTAL EQUITY
Equity 1 January 2009	12 310	621	-1 335	1 766	13 362	269	13 632
Comprehensive income for the period	0	-1 894	1 623	-1 859	-2 130	-240	-2 370
Change in holding of treasury shares	-8	0	0	9	1	0	1
Equity 30 September 2009	12 302	-1 273	288	-84	11 233	29	11 263
Comprehensive income for the period	0	689	61	3	753	-1	752
Equity 31 December 2009	12 302	-583	349	-81	11 987	28	12 015
Comprehensive income for the period	0	-2 262	120	268	-1 875	-7	-1 882
Change in holding of treasury shares	2	0	0	0	2	0	2
Change in ownership in subsidiaries	0	0	0	-1	-1	2	1
Equity 30 September 2010	12 303	-2 845	469	186	10 113	23	10 136
Comprehensive income for the period	0	-200	20	227	47	3	50
Change in ownership in subsidiaries	0	-2	0	3	1	-4	-3
Equity 31 December 2010	12 303	-3 048	489	416	10 161	22	10 183

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Norske Skogindustrier ASA ("the company") and its subsidiaries ("the group") manufacture, distribute and sell publication paper. This includes newsprint and magazine paper.

All amounts in the interim financial statements are presented in NOK million unless

otherwise stated. Due to rounding, there may be differences in the summation of columns.

The interim financial statements were authorised for issue by the board of directors in Norske Skogindustrier ASA on 2 February 2011.

2. ACCOUNTING POLICIES

The interim financial statements of Norske Skog have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim financial statements do not disclose all the information and disclosures required in the annual financial statements, and should be read in conjunction with the group's annual financial statements as at 31 December 2009. The interim financial statements are unaudited.

The accounting policies applied in the preparation of the interim financial statements

are consistent with those applied in the preparation of the annual financial statements for the year ended 31 December 2009, except for the adaptation of amended standards and new interpretations which are mandatory from 1 January 2010. These changes are described in the annual financial statements for 2009. However, none of these currently have a material impact on the financial position or performance of the group.

The group has not early adopted any standard, interpretation or amendment that has been issued but is not yet mandatory.

3. ESTIMATES, JUDGMENTS AND ASSUMPTIONS

Preparation of interim financial statements in accordance with IFRS implies use of estimates, which are based on judgements and assumptions that affect the application of accounting principles and the reported amounts of assets, liabilities, revenues and expenses. Actual amounts might differ from such estimates.

Estimated decline in value of intangible assets and tangible fixed assets

Intangible assets which have an indefinite useful life and goodwill are not subject to amortisation, but are tested annually for impairment. Tangible fixed assets and intangible assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Since the carrying amount of the net assets in the group at the end of fourth quarter of 2010 is higher than its market capitalisation, an impairment evaluation of the recoverable amount of the group's cash-generating units has been made. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from a cash-generating unit. The group's cash-generating units are Europe newsprint, Europe magazine paper (light weight coated (LWC)), Australasia newsprint, South America newsprint, Saugbrugs (super calendared (SC)), Follum magazine paper and Singburi newsprint. Calculation of value in use requires use of estimates. When estimating the value in use at 31 December 2010, there was no indication that further impairments should be made in the interim financial statements for the fourth quarter of 2010.

The possibility of reversing impairment losses in prior periods on tangible fixed assets and intangible assets (except goodwill) has also been evaluated at 31 December 2010. In the fourth quarter of 2010, impairment losses of NOK 27 million, previously recognised at Norske Skog Pisa in Brazil, were reversed. This amount is related to completion of a building which was fully written-down in 2008 in connection with the decision to terminate the PM2 project. It was subsequently decided to complete the building, and it was taken into use during the fourth quarter of 2010.

Total impairment losses of NOK 165 million have been recognised during 2010. In addition to the reversal of impairment losses in the fourth quarter, this amount consists of NOK 150 million related to Norske Skog Singburi in Thailand and NOK 42 million related to Norske Skog Bio Bio in Chile. The impairment at Norske Skog Bio Bio was made as a result of the earthquake that hit Chile in February 2010.

For a more specific description of assumptions and sensitivities in the estimation of recoverable amount, please refer to Note 7 in the annual financial statements for 2009.

Commodity contracts and embedded derivatives in commodity contracts measured at fair value

Commodity contracts that fail to meet the own-use exemption criteria in IAS 39 *Financial instruments – recognition and measurement* are recognised in the balance sheet and valued at fair value. Fair value of commodity contracts and embedded derivatives in commodity contracts which are not traded in an active market, are assessed through valuation techniques. Some of these contracts are long-term energy contracts. The electricity price for long-term electricity contracts in Norway, Brazil and New Zealand is not directly observable in the market for the whole contract length. Price forecasts from acknowledged external sources are used in the estimation of fair value. The group uses its judgement to select a variety of methods and make assumptions that are mainly based on marked conditions existing at each balance sheet date.

See Note 24 in the annual accounts for 2009 for more information regarding the calculation of fair value of derivatives.

Provisions

Provisions for environmental restoration, dismantling costs, restructuring activities and legal claims are recognised when the group has a present legal or constructive obligation as a result of past events; an outflow of resources is more likely than not to be required to settle the obligation and the amount can be reliably estimated.

Provisions for future environmental- and dismantling liabilities are based on a number of assumptions made using management's best judgment. Changes in any of these assumptions could have an impact on the group's provisions and costs.

During 2010, there has been a new review of environmental liabilities at Norske Skog Boyer in Australia. As a result of the review, the provision for environmental liabilities was reduced by NOK 108 million in the interim financial statement for the third quarter of 2010. The amount is presented in the income statement line Other operating expenses.

See Note 26 in the annual accounts for 2009 for more information regarding provisions for environmental- and dismantling liabilities.

See Note 2 in the annual accounts for 2009 for a more thorough description of important accounting estimates and assumptions impacting the preparation of financial statements.

INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER 2010

4. OPERATING SEGMENTS

The group's activities are divided into three operating segments: Newsprint, Magazine paper and Energy. Activities in the group that do not fall into any of the three operating segments are presented under Other activities and encompass corporate functions, investments in non-production related properties, trading and sorting of recovered paper and purchase and sale of wood.

The revenue reported per operating segment includes both sales to external parties and sales to other segments. Intra-segment sales are eliminated in the consolidated group accounts.

Recognition, measurement and classification applied in the segment reporting are consistent with the group's accounting principles described in Note 2 to the annual financial statements for the year ended 31 December 2009.

The Newsprint segment was, until the fourth quarter of 2009, divided into four geographical regions. From the first quarter of 2010, the number of regions has been reduced to two and the figures are now split between activities inside and outside Europe. Sales offices and other administrative entities are, as before, not allocated to regions. Comparative figures for 2009 have been restated in accordance with the new regional structure.

OPERATING REVENUE AND EXPENSES PER OPERATING SEGMENT

OCT-DEC 2010	NEWSPRINT	MAGAZINE PAPER	ENERGY	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	3 138	1 691	606	586	-861	5 160
Distribution costs	-294	-163	0	-26	0	-484
Cost of materials	-1 844	-1 042	-549	-445	754	-3 127
Change in inventories	-28	-18	0	2	0	-44
Employee benefit expenses	-400	-152	0	-38	0	-590
Other operating expenses	-327	-147	-1	-68	107	-436
Gross operating earnings	244	169	56	10	0	479
Depreciation	-305	-129	0	-16	0	-450
Gross operating earnings after depreciation	-61	40	56	-5	0	30
Restructuring expenses	-16	-4	0	-5	0	-25
Other gains and losses	29	5	-163	51	0	-77
Impairments	27	0	0	0	0	27
Operating earnings	-21	41	-106	40	0	-46

YTD 2010	NEWSPRINT	MAGAZINE PAPER	ENERGY	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	11 535	6 288	2 218	2 154	-3 209	18 986
Distribution costs	-1 108	-632	0	-116	0	-1 856
Cost of materials	-6 761	-3 889	-2 064	-1 588	2 763	-11 539
Change in inventories	6	-35	0	-1	0	-31
Employee benefit expenses	-1 617	-854	0	-238	0	-2 709
Other operating expenses	-996	-573	-4	-310	446	-1 438
Gross operating earnings	1 059	305	150	-100	0	1 413
Depreciation	-1 421	-520	0	-49	0	-1 991
Gross operating earnings after depreciation	-363	-215	150	-150	0	-578
Restructuring expenses	-43	-5	0	-9	0	-57
Other gains and losses	44	7	-1 693	64	0	-1 578
Impairments	-165	0	0	0	0	-165
Operating earnings	-527	-214	-1 543	-95	0	-2 379

YTD 2009	NEWSPRINT	MAGAZINE PAPER	ENERGY	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	13 073	6 272	1 736	2 064	-2 783	20 362
Distribution costs	-1 076	-579	0	-94	0	-1 749
Cost of materials	-7 136	-3 374	-1 752	-1 465	2 283	-11 445
Change in inventories	-118	-16	0	3	0	-132
Employee benefit expenses	-1 813	-995	0	-292	0	-3 100
Other operating expenses	-1 244	-618	-2	-386	500	-1 751
Gross operating earnings	1 684	689	-18	-170	0	2 185
Depreciation	-1 775	-645	0	-45	0	-2 465
Gross operating earnings after depreciation	-91	44	-18	-215	0	-280
Restructuring expenses	-360	-34	0	-2	0	-396
Other gains and losses	201	0	990	41	0	1 233
Impairments	-1 833	-49	0	0	0	-1 883
Operating earnings	-2 083	-39	972	-175	0	-1 325

INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER 2010

OPERATING SEGMENT NEWSPRINT

The Newsprint segment encompasses production and sale of standard newsprint and other paper qualities used in newspapers, inserts, catalogues etc.

	OCT-DEC 2010	JUL-SEP 2010	OCT-DEC 2009	YTD 2010	YTD 2009
INCOME STATEMENT					
Operating revenue	3 138	2 944	2 999	11 535	13 073
Distribution costs	-294	-281	-272	-1 108	-1 076
Cost of materials	-1 844	-1 721	-1 490	-6 761	-7 136
Change in inventories	-28	-6	-136	6	-118
Employee benefit expenses	-400	-413	-440	-1 617	-1 813
Other operating expenses	-327	-171	-279	-996	-1 244
Gross operating earnings	244	352	383	1 059	1 684
Depreciation	-305	-372	-326	-1 421	-1 775
Gross operating earnings after depreciation	-61	-20	57	-363	-91
Restructuring expenses	-16	-22	-70	-43	-360
Other gains and losses	29	-5	32	44	201
Impairments	27	0	-27	-165	-1 833
Operating earnings	-21	-47	-7	-527	-2 083
Share of operating revenue from external parties (%)	98	98	97	98	98
OPERATING REVENUE PER REGION					
Newsprint Europe	1 551	1 374	1 549	5 642	6 199
Newsprint outside Europe	1 504	1 495	1 369	5 617	5 896
Sales offices and other activities	1 192	1 167	1 055	4 497	4 541
Eliminations	-1 109	-1 092	-974	-4 221	-3 564
Total	3 138	2 944	2 999	11 535	13 073
GROSS OPERATING EARNINGS PER REGION					
Newsprint Europe	-3	-18	151	0	779
Newsprint outside Europe	269	369	216	1 065	881
Sales offices and other activities	-22	1	17	-5	24
Eliminations	0	0	0	0	0
Total	244	352	383	1 059	1 684

OPERATING SEGMENT MAGAZINE PAPER

The Magazine paper segment encompasses production and sale of the paper qualities super calandered (SC), machine finished coated (MFC) and light weight

coated (LWC). Magazine paper is used for magazines, catalogues and advertising materials.

	OCT-DEC 2010	JUL-SEP 2010	OCT-DEC 2009	YTD 2010	YTD 2009
INCOME STATEMENT					
Operating revenue	1 691	1 606	1 674	6 288	6 272
Distribution costs	-163	-168	-155	-632	-579
Cost of materials	-1 042	-995	-916	-3 889	-3 374
Change in inventories	-18	-27	-46	-35	-16
Employee benefit expenses	-152	-235	-221	-854	-995
Other operating expenses	-147	-141	-174	-573	-618
Gross operating earnings	169	41	162	305	689
Depreciation	-129	-130	-163	-520	-645
Gross operating earnings after depreciation	40	-90	-2	-215	44
Restructuring expenses	-4	0	-18	-5	-34
Other gains and losses	5	2	0	7	0
Impairments	0	0	-200	0	-49
Operating earnings	41	-88	-219	-214	-39
Share of operating revenue from external parties (%)	95	96	97	95	98

INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER 2010

OPERATING SEGMENT ENERGY

The energy segment includes purchase and sale of energy to mills in the group and trading and sale of excess energy in the spot market.

Value changes on energy contracts and embedded derivatives in energy contracts carried at fair value are reported as Other gains and losses.

	OCT-DEC 2010	JUL-SEP 2010	OCT-DEC 2009	YTD 2010	YTD 2009
INCOME STATEMENT					
Operating revenue	606	527	435	2 218	1 736
Distribution costs	0	0	0	0	0
Cost of materials	-549	-497	-467	-2 064	-1 752
Change in inventories	0	0	0	0	0
Employee benefit expenses	0	0	0	0	0
Other operating expenses	-1	0	0	-4	-2
Gross operating earnings	56	30	-32	150	-18
Depreciation	0	0	0	0	0
Gross operating earnings after depreciation	56	30	-32	150	-18
Restructuring expenses	0	0	0	0	0
Other gains and losses	-163	-174	1 368	-1 693	990
Impairments	0	0	0	0	0
Operating earnings	-106	-144	1 336	-1 543	972
Share of operating revenue from external parties (%)	52	46	39	49	38

OTHER ACTIVITIES

Activities in the group that do not fall into any of the three operating segments are presented under Other activities. This includes corporate functions, real estate

activities, trading and sorting of recovered paper and purchase and resale of wood.

	OCT-DEC 2010	JUL-SEP 2010	OCT-DEC 2009	YTD 2010	YTD 2009
INCOME STATEMENT					
Operating revenue	586	504	523	2 154	2 064
Distribution costs	-26	-27	-26	-116	-94
Cost of materials	-445	-371	-394	-1 588	-1 465
Change in inventories	2	-6	6	-1	3
Employee benefit expenses	-38	-64	-65	-238	-292
Other operating expenses	-68	-73	-85	-310	-386
Gross operating earnings	10	-38	-40	-100	-170
Depreciation	-16	-11	-10	-49	-45
Gross operating earnings after depreciation	-5	-49	-50	-150	-215
Restructuring expenses	-5	0	-2	-9	-2
Other gains and losses	51	2	17	64	41
Impairments	0	0	0	0	0
Operating earnings	40	-47	-34	-95	-175
Share of operating revenue from external parties (%)	26	26	38	28	34
OPERATING REVENUE					
Recovered paper	225	220	157	851	567
Real estate activities	5	4	3	19	14
Bio-fuel	0	0	0	0	0
Corporate functions	60	59	59	253	257
Miscellaneous	308	234	319	1 089	1 276
Eliminations	-13	-13	-14	-58	-52
Total	586	504	523	2 154	2 064
GROSS OPERATING EARNINGS					
Recovered paper	6	6	1	27	7
Real estate activities	-9	0	-5	-14	-6
Bio-fuel	-4	-3	-5	-17	-19
Corporate functions	13	-30	-36	-110	-187
Miscellaneous	5	-11	5	14	34
Eliminations	0	0	0	0	0
Total	10	-38	-40	-100	-170

5. INTEREST-BEARING DEBT

NET INTEREST-BEARING DEBT

Norske Skog has recognised an amount in the balance sheet as a result of the termination of a large part of the fair value hedge portfolio in the first half of 2009. A hedge reserve (deferred income) amounting to NOK 338 million is included in interest-bearing debt as at 31 December 2010. The corresponding figure as at 31 December 2009 was NOK 411 million.

The hedge reserve does not constitute any payment obligation for the group, but will be amortised in the income statement over the lifetime of the debt that has been hedged. The carrying amount is not included in net interest-bearing debt when calculating the gearing ratio. The calculation is shown in the table below.

	31 DEC 2010
Interest-bearing non-current liabilities	11 717
Interest-bearing current liabilities	1 954
- Hedge reserve	338
- Fair value hedge	4
- Cash and cash equivalents	4 440
= Net interest-bearing debt	8 889
Equity less minority interests	10 161
Gearing	0.87

DEBT REPAYMENT SCHEDULE

The table below shows contractual instalment payments on the group's current and non-current interest-bearing debt.

	31 DEC 2010
2011 – first quarter	55
2011 – second quarter	49
2011 – third quarter	155
2011 – fourth quarter	1 699
2012	3 838
2013	32
2014	956
2015	1 035
2016	32
2017	3 886
2018	33
2019	94
2020 to 2033	1 271
Total	13 135

Total debt listed in the repayment schedule may differ from carrying value in the balance sheet. This is due to premiums and discounts on issued bonds, hedge reserve and fair value hedging.

LOAN COVENANTS

The group's bank loan agreements contain requirements to certain financial ratios. These ratios are:

- Equity minus intangible fixed assets must be a minimum of NOK 9 000 million.
- Net interest-bearing debt divided by equity must be a maximum of 1.4.

The group's outstanding bond loans do not include financial covenants.

6. ENERGY CONTRACTS, DERIVATIVES AND FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

	ASSETS 31 DEC 2010		LIABILITIES 31 DEC 2010	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Energy contracts and embedded derivatives in energy contracts	624	2 579	30	140
Other raw material contracts	2	11	1	14
Other derivatives and financial instruments carried at fair value	280	5	175	35
Total	906	2 595	206	190

7. PROPERTY, PLANT AND EQUIPMENT

	JAN-DEC 2010
Carrying value at beginning of period	17 561
Depreciation	-1 966
Impairments	-165
Acquisitions	478
Disposals	-421
Currency translation difference	422
Carrying value at end of period	15 909

Property, plant and equipment which in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* is reclassified to Other current assets is

presented as Disposals in the table above.

8. ACQUISITIONS AND DISPOSALS

In the second quarter of 2010 Norske Skog initiated a sales process for some of the group's non-production related properties in Norway.

The assets had a carrying value of NOK 139 million at 31 December 2010 and were reclassified from Property, plant and equipment to Other current assets, in accor-

dance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. The assets were classified as part of Other activities in the segment reporting. The sale has been completed in 2011 and is commented on in Note 11.

9. RESTRUCTURING EXPENSES

Restructuring expenses in the fourth quarter of 2010 included NOK 12 million relating to Norske Skog Tasman in New Zealand, where provisions have been made for redundancy costs relating to the outsourcing of certain positions at the mill and severance payment to a senior employee.

Further provisions of NOK 9 million have been made in the fourth quarter in connection with the reorganisation of the European sales organisation. The provisions relate mainly to redundancy payments and cancellation of an agent agreement.

Updated estimates for redundancy payments at Norske Skog Parenco in the Netherlands have meant that restructuring expenses of NOK 6 million, which were provided for in previous periods, have been reversed in the income statement in the fourth quarter.

In addition, a provision of NOK 7 million has been made for redundancy costs relating to an efficiency improvement project at Norske Skog Bruck in Austria.

Restructuring expenses in the third quarter of 2010 included NOK 20 million relating to outsourcing of certain functions and downsizing at Norske Skog Albury in Australia, and NOK 2 million relating to an increase of provisions at Norske Skog Boyer in Australia.

Restructuring expenses in the second quarter of 2010 included NOK 20 million relating to the reorganisation of the European sales organisation, and reversal of NOK 11 million of the provision made in previous periods at Norske Skog Tasman. There were no restructuring expenses in the first quarter of 2010.

10. CONTINGENT LIABILITIES

In 1998, Norske Skogindustrier ASA finalised a lease-and-buyback arrangement with three American investors for PM5 and PM6 at Norske Skog Saugbrugs. The arrangements with two of the investors were terminated in December 2008 and January 2009. The arrangement with the third and final investor was terminated in August 2010. This termination results in the annulment of a contingent liability for potential losses to the investor if Norske Skogindustrier ASA was not able to meet

the requirements of the leasing agreement. The contingent liability amounted to USD 20.8 million as at 31 December 2009. A more detailed description is given in Note 30 to the annual financial statements for 2009. Costs related to the termination are mainly booked against guarantee provisions. The income-statement impact is therefore minimal.

11. EVENTS AFTER THE BALANCE SHEET DATE

Norske Skog entered into an agreement to sell property at Klosterøya in Skien in Norway on 12 January 2011. The property will be transferred to the buyer with effect from 15 February 2011. The carrying amount of the property amounted to NOK 139 million at 31 December 2010 and was presented in the income statement line Other current assets (non-current assets held for sale and discontinued operations).

The selling price consists of a fixed and a variable element. The variable element will depend on future development of the property amongst other factors, and is consequently not certain. The transaction will be recognised in the first quarter of 2011 and the net gain from the sale is estimated to be around NOK 15-20 million.

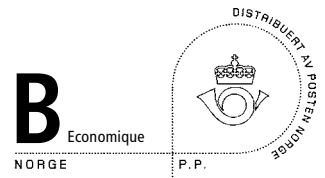
INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER 2010

12. NORSKE SKOG GROUP – QUARTERLY FIGURES

	OCT-DEC 2010	JUL-SEP 2010	APR-JUN 2010	JAN-MAR 2010	OCT-DEC 2009	JUL-SEP 2009
INCOME STATEMENT						
Operating revenue	5 160	4 795	4 577	4 455	4 909	5 033
Distribution costs	-484	-476	-465	-431	-452	-453
Cost of materials	-3 127	-2 910	-2 782	-2 720	-2 678	-2 680
Change in inventories	-44	-39	52	0	-175	-112
Employee benefit expenses	-590	-712	-737	-670	-726	-777
Other operating expenses	-436	-273	-371	-358	-406	-369
Gross operating earnings	479	384	275	275	472	642
Depreciation	-450	-513	-501	-528	-499	-649
Gross operating earnings after depreciation	30	-129	-226	-252	-27	-7
Restructuring expenses	-25	-22	-9	0	-90	-28
Other gains and losses	-77	-175	-412	-913	1 418	168
Impairments	27	0	6	-198	-226	-1 006
Operating earnings	-46	-326	-643	-1 364	1 075	-872
Share of profit in associated companies	-1	-1	-10	-4	0	1
Financial items	-213	50	-524	-237	-188	542
Profit/loss before income taxes	-260	-278	-1 176	-1 606	887	-330
Income taxes	62	34	303	453	-220	-88
Net profit/loss for the period	-198	-244	-874	-1 153	667	-418
OPERATING REVENUE PER SEGMENT						
Newsprint	3 138	2 944	2 840	2 613	2 999	3 227
Magazine paper	1 691	1 606	1 488	1 503	1 674	1 607
Energy	606	527	495	589	435	408
Other activities	586	504	536	528	523	487
Eliminations	-861	-786	-784	-778	-723	-696
Total	5 160	4 795	4 577	4 455	4 909	5 033
GROSS OPERATING EARNINGS PER SEGMENT						
Newsprint	244	352	238	225	383	444
Magazine paper	169	41	40	56	162	201
Energy	56	30	18	46	-32	12
Other activities	10	-38	-21	-52	-40	-15
Eliminations	0	0	0	0	0	0
Total	479	384	275	275	472	642
SHARE OF OPERATING REVENUE FROM EXTERNAL PARTIES (%)						
Newsprint	98	98	98	97	98	100
Magazine paper	95	96	95	95	97	99
Energy	52	46	42	54	39	36
Other activities	26	26	30	30	37	34

THE NORSKE SKOG SHARE

	31 DEC 2010	30 SEP 2010	30 JUN 2010	31 MAR 2010	31 DEC 2009	30 SEP 2009
Share price (NOK)	13.85	11.75	7.43	8.99	9.55	11.39
Book value of equity per share (NOK)	53.50	53.25	55.06	58.10	63.30	59.22



Norske Skogindustrier ASA
Aksjekontoret
7620 SKOGN

Norske Skogindustrier ASA

Oksenøyveien 80
Postboks 329, 1326 Lysaker
Telefon: 67 59 90 00
Telefaks: 67 59 91 81

www.norskeskog.com

