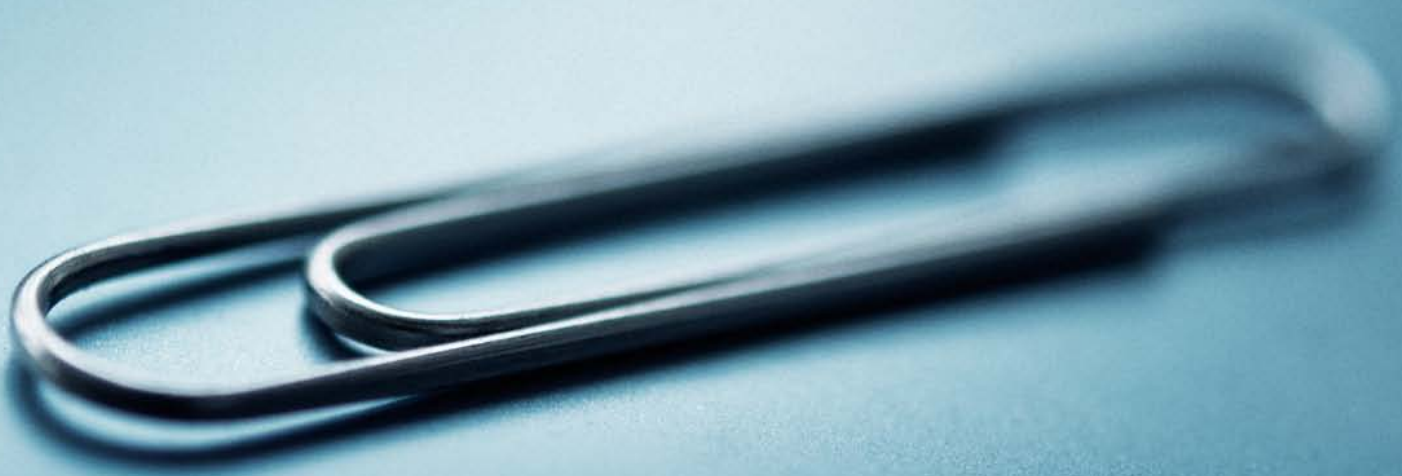


NORSK TILLITSMANN
NORWEGIAN TRUSTEE



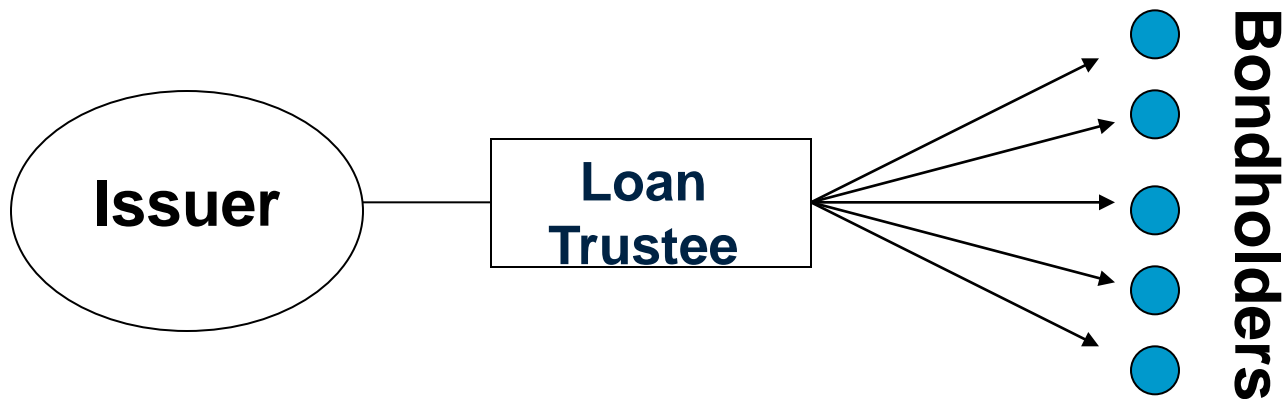
The Role of the Loan Trustee in the Norwegian Bond Market

Agenda

- The Loan Trustee Concept
- Benefits from having a Loan Trustee
- Norsk Tillitsmann ASA
- Crisis Management

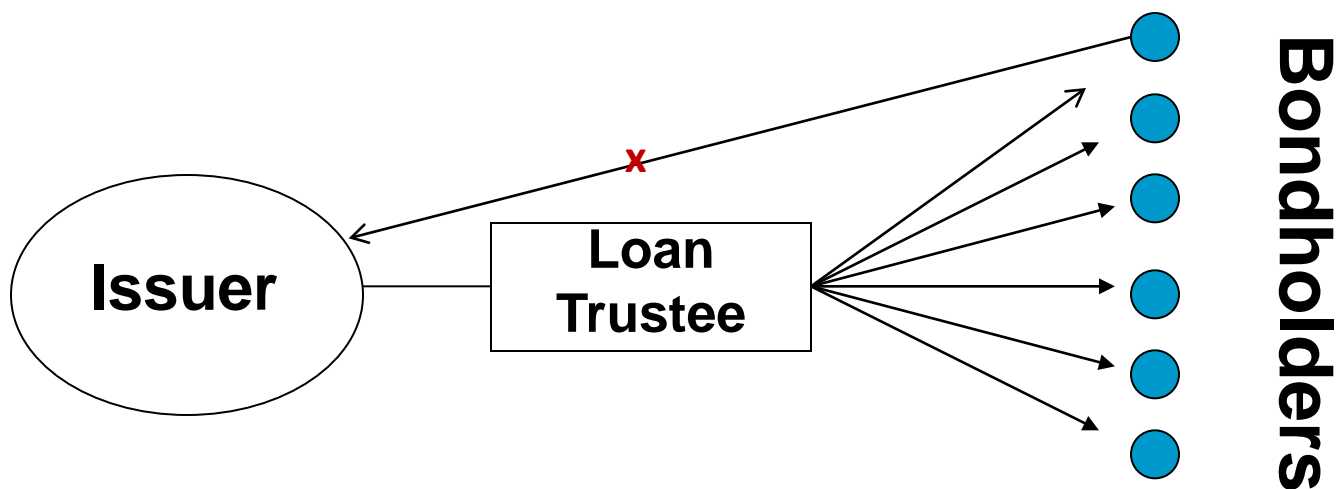
Role of the Loan Trustee

”Collectively holding the rights of all the bondholders in a bond issue”



”No action clause”

The Bond Loan Agreement prevents Bondholders from taking actions directly towards the Issuer



Loan Trustee should be independent with no conflict of interest

Loan Trustee – Benefits to the Bondholders

- **Monitoring** of the terms and conditions of a bond issue to protect the interests of the Bondholders
- **Legal action** can be taken as a class action on behalf of all Bondholders
- A fair and equal **distribution of costs** arising from legal action, enforced collection or restructuring
- Protection from proceedings towards the Issuer taken by other Bondholders with “*manipulative interests*”
- Loan Trustee will be able to hold security/collateral **on behalf** of all Bondholders

Loan Trustee – Benefits to the Issuer

- Issuer can relate to one **single legal entity** as creditor - protected against individual Bondholders
- Loan Trustee can agree to **minor amendments and clarifications** of the Bond Loan Agreement
- Issuer may **discuss** in confidence with the Loan Trustee the process of **amending** the Loan Agreement
- Issuer will be **protected** from proceedings taken by Bondholders with “**special interests**”
- Issuer can issue **Bonds secured by collateral** held by the Loan Trustee on behalf of all the Bondholders

The Loan Trustee is not a

- **Rating Institute**
 - not assessing the Issuer's financial situation
 - not giving financial advice
- **Paying Agent**
 - normally not into the cash flow between Issuer and BH
- **Pressure Group**
 - can only act upon Terms and Conditions in the Bond Loan Agreement

Authority

- The authority of the Loan Trustees and the BH Meeting is derived from the **Bond Loan Agreement**
- The Issuer, the Loan Trustee and BH holding > 10 % of the Bonds have the right to call for a **BH Meeting**
- The BH Meeting \approx General Meeting in a plc, but most BH are represented through proxy (tied vote to LT)
- The BH constitutes a community of creditors where the majority (2/3) in a BH Meeting can make resolutions **binding and prevailing for all BH**

Norsk Tillitsmann ASA

- Established in 1993, based on the idea of an **independent and qualified** loan trustee function
- Loan Trustee of more than **95 %** of the bond issues made under Norwegian law
- Portfolio of more than **1900 loan trusteeships** (500 issuers) representing a nominal value of more than **NOK 750 billion**
- Owned mainly by the **leading financial institutions in the Norwegian financial market**

Stamdata - updated securities information

Norsk Tillitsmann - Stamdata - Windows Internet Explorer

NT http://test.stamdata.no/

Convert Select

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NORSK TILLITSMANN
NORWEGIAN TRUSTEE

BONDS
Trustee
Stamdata
Listing Agent

PENSION
Pension Trusteeship
Pension Through Operations
Steering Committee

THIRD PARTY
Deposit of Source Codes
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Energy and Utility
Shipping
Industry
Property
Other

Through Stamdata, Norsk Tillitsmann delivers reference data for Norwegian debt securities. The data includes detailed information on i.a. bonds, certificates and structured debt securities issued by governments, municipalities, banks and corporate borrowers. The depth and accuracy available in Stamdata is unprecedented in the Norwegian fixed income market, making Stamdata the leading provider of reference data. Reference data is available either through a web-interface or as a daily data-file used for automatic import into financial systems.

READ MORE ABOUT: [WEB SUBSCRIPTION](#) | [FEED SUBSCRIPTION](#)

Product Updates

Apr 2011 - New graphical profile to all of Norsk Tillitsmann's web-pages

Market News

20.04.2011: CALL - NO0010321854 Sandnes Sparebank ansvarlig obligasjonslån 2006/2016 med flytende rente og innløsningsrett for låntageren

18.04.2011: Amagerbanken - Information to bondholders

15.04.2011: Amagerbanken - Notice to Bondholders

13.04.2011: Remedial (Cayman) - Exercise of Call Option

11.04.2011: NattoPharma ASA - Notice to Bondholders

11.04.2011: Rubicon Offshore Holdings Ltd - Notice to Bondholders

11.04.2011: Islandsbanki/Giltfir - Notice to Bondholders

08.04.2011: PA Resources - Summons to Bondholders Meeting

07.04.2011: Seadrill Limited - Exercise of Call Option

07.04.2011: Codfarmers ASA - Interest payment due 30 May 2011 as payment-in-kind

05.04.2011: Seabird Exploration Ltd - Interest due in August and November 2011 as PIK

01.04.2011: Viking Drilling - Partial distribution

01.04.2011: Ability Drilling ASA - Preliminary distributions

[All news](#)

League Tables (2011)

Top managers Bonds	NOK Mill
DnB NOR	15 728,4
Swedbank/First Securities	13 313,5
SEB Merchant Banking	12 067,7
Danske Bank/Fokus Bank	12 060,0
Nordea	11 917,4

Top managers CDs	NOK Mill
DnB NOR	10 579,2
Nordea	7 177,3
SEB Merchant Banking	5 129,0

Mark-to-market used in connection with tax purposes 2010 (Likningskurser).

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Disclaimer

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Local intranet | Protected Mode: On

100%

Every Day Life of the Loan Trustee

■ Documentation

- LT holds standard boilerplate documentation
- Verification (resolutions, approvals, legal opinions)
- Meaningful and workable terms and conditions

■ Monitoring

- Payment of principal, interest and other forms of yield
- Call and put options
- Negative Pledge / Covenants / Pledged Assets
- Changes, modifications or waivers

■ Crisis management

- Declaration of default
- Enforcement
- Restructuring

Financial crisis – putting the Loan Trustee at test

- HY Market NOK 100 Bill, 200 issuers, 300 issues
Project risk, market risk and financial risk
- > 30 % HY issues have been through restructuring, enforcement or bankruptcy proceedings
- LT has conducted 250 BH Meetings in last 2 ½ year
- LT involved in several lawsuits on behalf of BH
- Loan Trustee's right to take legal action on behalf of all BH disputed and taken to Supreme Court

Financial Crisis

Bond Loan in
default

```
graph TD; A([Bond Loan in default]) --> B[Winding up]; A --> C[Going concern];
```

Winding up

- Bankruptcy proceedings
- Enforcement of security
- Forced sale of all assets
- Liquidation

Going concern

Debt Restructuring

(Judicial
Debt Restructuring)

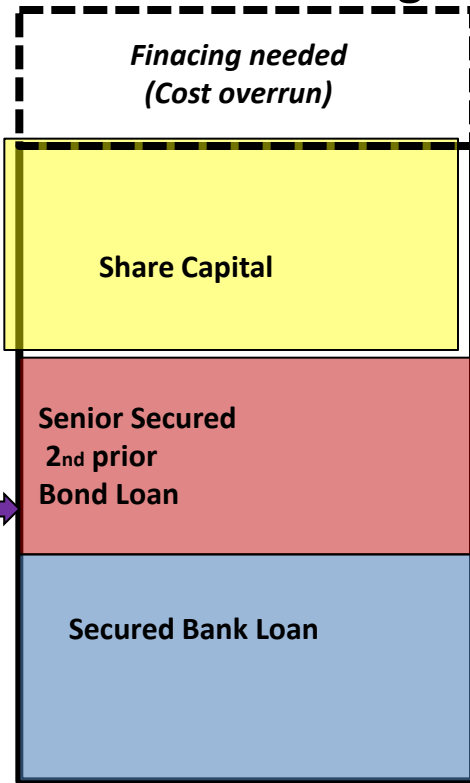
**Voluntary Private
Debt Restructuring**

Private Debt Restructuring

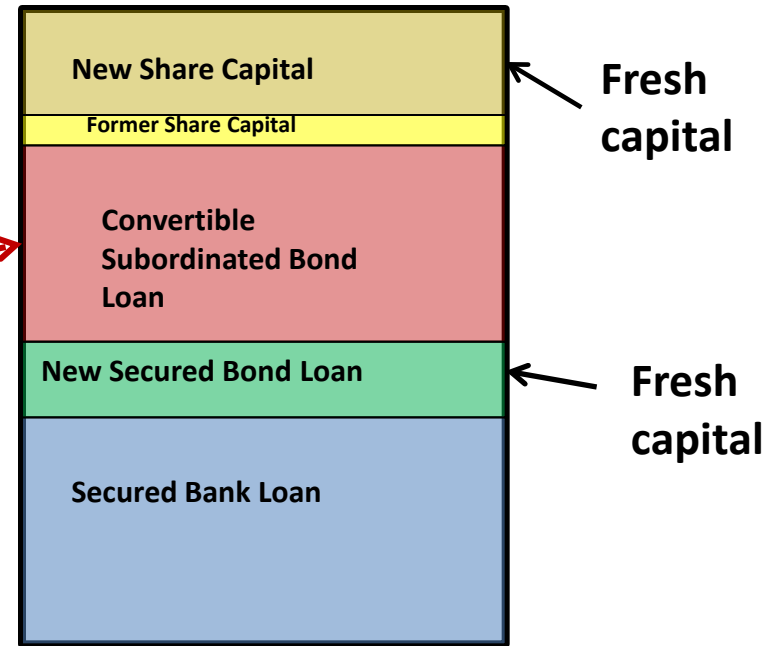
- Based on a negotiated solution between the **major stake-holders** in the Issuer -(i.e. Banks, LT/BH and Issuer/Shareh)
- Lawyers and financial advisors for all stakeholders participate in the process (+ lead manager of new capital)
- Authority and power of the LT/BH Meeting makes it possible to make **resolutions binding and prevailing** for all BH
- Restructuring give in general a far **better recovery rate** for BH than liquidation (forced sales of all assets)

Example of Restructuring (simplified)

Pre Restructuring



Post Restructuring



Summing up

Bringing a Loan Trustee into a Bond Structure gives more flexibility and a better protection of Bondholders rights