



ARCTIC PAPER

Justification for the draft resolution no. 20/2016 of the Ordinary Shareholders' Meeting of Arctic Paper S.A. convened for June 2, 2016 - attachment no.2 to the current report no.11/2016 dated May 5, 2016.

In connection with the Ordinary Shareholders' Meeting of the company Arctic Paper S.A. with its registered office in Poznań (the "**Company**") convened for June 2, 2016, the Management Board of the Company sets out the justification for draft resolution no. 20/2016 to consent to the establishment of a registered pledge over a collection of movables and economic rights of the Company (the "**Resolution**").

In presenting the draft Resolution, the Management Board of the Company informs that on 4 May 2016 it decided to formally commence work in connection with the refinancing of the Company's and its subsidiaries' existing indebtedness arising under credit facility and loan agreements concluded thereby and obtaining alternative financing (the "**Financing**") being considered by the Company. The main aim of the actions of the Company's Management Board is changing the structure of financing of the Company's capital group and, in particular, its centralization facilitating more effective liquidity management and flexible adjustment of the level of financing of the individual companies.

The Financing being considered envisages the procurement of funds through:

1. an issue or issues of bonds denominated in PLN, which the Company would issue under the bonds issue programme for up to PLN 150,000,000 (the "Bonds Issue Programme"); and/or
2. senior term and revolving facilities for up to EUR 85,700,000 and PLN 47,000,000, which would be granted to the Company by a group of banks or credit institutions (the "Facilities"),

whereas the funds under the Financing being considered will be procured either jointly under the Bonds Issue Programme and Facilities (in such case the amount of the Facilities will be reduced accordingly by the value of the bonds issued simultaneously with the procurement of funds under the Facilities under the Bonds Issue Programme) or exclusively through the Facilities.

If the Financing is obtained, it will be necessary to establish appropriate security and conclude side letters. The Management Board of the Company is considering the possibility of security that is in line with market practice in similar transactions, in particular a registered pledge or registered pledges over a collection of



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movables or economic rights constituting the enterprise of the Company or an organized part thereof (the "**Pledge**").

Pursuant to Art. 18.1 point k) of the Company's Statutes, in order to establish the pledge it is necessary to obtain the consent of the Ordinary Shareholders' Meeting of the Company. In this regard, the Supervisory Board of the Company has expressed a positive opinion.