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**RECONSTRUCTION ACCORDING TO DANISH LAW -  
GENERAL INFORMATION**

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May 2011

An undertaking which cannot pay its creditors in due time may file a petition for reconstruction with the bankruptcy court for the purpose of obtaining a credit arrangement or completing a sale of the undertaking.

The bankruptcy court will thereafter appoint a reconstructor as well as a fiduciary appointee.

The reconstructor is a lawyer and, in his capacity as reconstructor, the lawyer must safeguard and protect the creditors' interests in the undertaking.

The reconstructor must be an independent party, fulfil the competence requirements of the law and, consequently, the reconstructor may not previously have represented the undertaking.

The fiduciary appointee is an accountant who may not have been the undertaking's auditor for two years prior to the reconstruction proceedings.

The Danish rules on reconstruction guarantee that all creditors – irrespective of size and nationality – are treated equally.

When filing a petition for reconstruction with the court, the court fixes a reference date on which all payment of debt contracted prior to such date will be discontinued while reconstruction proceedings are pending which may result in either an arrangement with creditors involving postponement of payment and/or payment of composition dividends or an arrangement with the creditors involving a sale, in whole or in part, of the undertaking.

The management of an undertaking in the process of being reconstructed still has all powers of control in accordance with company law provided, however, that any material activities are to be approved beforehand by the reconstructor.

During the reconstruction proceedings, the general rule is that the undertaking is protected against individual debt enforcement.

During the initial phase of the reconstruction proceedings, a restructuring plan is prepared and later a restructuring proposal, which are presented to the creditors for their approval and, in case such proposal is not adopted, bankruptcy proceedings will be commenced against the undertaking.

**Time frame involved in the reconstruction proceedings:**

