

FALCONE PHILIP
Form 4
April 15, 2010

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Credit Distressed Blue Line Master Fund, Ltd.

2. Issuer Name and Ticker or Trading Symbol
MERCER INTERNATIONAL INC.
[MERC]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)
04/09/2010

___ Director ___X___ 10% Owner
___ Officer (give title below) ___ Other (specify below)

C/O INTERNATIONAL FUND SERVICES (IRELAND, THIRD FL, BISHOP'S SQUARE, REDMOND'S HIL

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)

___ Form filed by One Reporting Person
X Form filed by More than One Reporting Person

DUBLIN 2, L2 00000

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| | | | | (A) or (D) | Amount | | Price |
| | | | | Code | V | | |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Security (Instr. 3 and 4) | Amount of Underlying Security (Instr. 3 and 4) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|
| | | | | Code | V (A) (D) | Date Exercisable Expiration Date | Title | Amount of Underlying Security (Instr. 3 and 4) |
| 8.5% Convertible Notes due 2012 | (6) | 04/09/2010 | | S | 250,000 | (5) 01/15/2012 | Common Stock, \$1.00 par value per share | 75,000 |
| 8.5% Convertible Notes due 2012 | (6) | 04/12/2010 | | S | 125,000 | (5) 01/15/2012 | Common Stock, \$1.00 par value per share | 37,500 |
| 8.5% Convertible Notes due 2012 | (6) | 04/14/2010 | | S | 575,000 | (5) 01/15/2012 | Common Stock, \$1.00 par value per share | 174,000 |
| 8.5% Convertible Notes due 2012 | (6) | 04/15/2010 | | S | 2,000,000 | (5) 01/15/2012 | Common Stock, \$1.00 par value per share | 606,000 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| Credit Distressed Blue Line Master Fund, Ltd. C/O INTERNATIONAL FUND SERVICES (IRELAND) THIRD FL, BISHOP'S SQUARE, REDMOND'S HIL DUBLIN 2, L2 00000 | | X | | |
| HARBINGER CAPITAL PARTNERS II LP 450 PARK AVENUE, 30TH FLOOR NEW YORK, NY 10022 | | X | | |
| HARBINGER CAPITAL PARTNERS II GP LLC 450 PARK AVENUE, 30TH FLOOR NEW YORK, NY 10022 | | X | | |
| FALCONE PHILIP 450 PARK AVENUE, 30TH FLOOR | | X | | |

NEW YORK, NY 10022

Signatures

| | |
|--|------------|
| CREDIT DISTRESSED BLUE LINE MASTER FUND, LTD. BY: HARBINGER CAPITAL PARTNERS II LP BY: HARBINGER CAPITAL PARTNERS II GP LLC /s/ Philip Falcone | 04/15/2010 |
| **Signature of Reporting Person | Date |
| HARBINGER CAPITAL PARTNERS II LP BY: HARBINGER CAPITAL PARTNERS II GP LLC /s/ Philip Falcone | 04/15/2010 |
| **Signature of Reporting Person | Date |
| HARBINGER CAPITAL PARTNERS II GP LLC /s/ Philip Falcone | 04/15/2010 |
| **Signature of Reporting Person | Date |
| PHILIP FALCONE /s/ Philip Falcone | 04/15/2010 |
| **Signature of Reporting Person | Date |

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) These 8.5% Convertible Notes due 2012 ("Convertible Notes"), convertible into shares of the issuer's common stock, par value \$1.00 per share ("Common Stock" or the "Shares"), are held for the account of Credit Distressed Blue Line Master Fund, Ltd. (the "Blue Line Fund"), which is a Reporting Person.

(2) These Convertible Notes may be deemed to be indirectly beneficially owned by Harbinger Capital Partners II LP ("HCP II") which serves as the investment manager to the Blue Line Fund; Harbinger Capital Partners II GP LLC ("HCP II GP") which serves as the general partner of HCP II; and Mr. Falcone who serves as the managing member of HCP II GP and the portfolio manager of the Blue Line Fund. In such capacity, Mr. Falcone may be deemed to have beneficial ownership over the Convertible Notes held for the account of the Blue Line Fund.

(3) These Convertible Notes constitute approximately 2.88% of the total number of Shares outstanding. Reporting Persons hold approximately 1,079,394 Shares of the issuer, consisting of Shares that the Reporting Persons may be deemed to own upon the conversion of the Convertible Notes as per Rule 13d-3(d)(1)(i). In addition, Mr. Falcone is deemed to be the beneficial owner of 2,228,194 Shares held for the account of the Harbinger Capital Partners Master Fund I, Ltd., which, together with the Convertible Notes held for the account of the Blue Line Fund, constitute approximately 8.81% of the total number of Shares outstanding.

(4) Based upon information provided by the Issuer in its recently-filed annual report on Form 10-K, there were 36,451,161 Shares outstanding as of February 24, 2010. Pursuant to Rule 13d-3(d)(1)(i), 1,079,394 Shares which are entitled to be obtained upon the conversion of the Convertible Notes have been added to the Issuer's number of Shares outstanding, therefore totaling 37,530,555 as the number of Shares outstanding.

(5) The Convertible Notes are immediately convertible into Shares.

(6) The conversion ratio of the Convertible Notes is 303.0303 Shares per \$1,000 principal amount of Convertible Notes (equal to a conversion price of approximately \$3.30 per Share).

(7) Each of the Reporting Persons may be deemed to be a beneficial owner of the Convertible Notes held for the account of the Blue Line Fund for purposes of Rule 16a-1(a)(1) under the Securities Exchange Act of 1934 (the "Exchange Act"). HCP II, HCP II GP and Mr. Falcone disclaim beneficial ownership within the meaning of Rule 16a-1(a)(2) under the Exchange Act in the Convertible Notes held for the account of the Blue Line Fund except to the extent, if any, of their pecuniary interest therein.

Remarks:

This Form 4 is also being filed to check the box indicating that the Reporting Persons are no longer subject to Section 16.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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