

## TERMS AND CONDITIONS OF THE BONDS

The issue of the SEK 1,600,000,000 3.625 per cent. Guaranteed Convertible Bonds due 2019 (the “**Bonds**”) was authorised by a resolution of the board of directors of SAS AB (publ) (the “**Issuer**”) passed on 25 February 2014 and a resolution of the shareholders of the Issuer passed at the annual general meeting held on 18 February 2014, and the guarantee of the Bonds was authorised by a resolution of the board of directors of Scandinavian Airlines System Denmark-Norway-Sweden, passed on 24 February 2014 (the “**Guarantor**”). The Bonds are issued in uncertificated and dematerialised book-entry form, with the legal title thereto being evidenced by book-entries in the register for such Bonds maintained by Euroclear (as defined below) on behalf of the Issuer. The holders of Bonds are entitled to the benefit of, and are bound by, and deemed to have notice of, all the provisions of these Conditions including the guarantee of the Bonds referred to below.

### 1 Form, Denomination, Title, Guarantee and Status

(a) *Form and Denomination*

The Bonds are in dematerialised book-entry form in principal amounts of SEK 1,000,000 each. The Bonds will be registered on behalf of Bondholders in securities accounts and no physical notes will be issued. Accordingly, the Bonds will be registered in accordance with the Swedish Financial Instruments Accounts Act (Sw: *lagen (1998:1479) om kontoföring av finansiella instrument*). Save as expressly provided in these Conditions, registration requests relating to the Bonds shall be directed to an appropriate securities account operator (Sw: *kontoförande institut*).

(b) *Title*

Title to the Bonds will pass by transfer between accountholders at Euroclear (as defined below) perfected in accordance with the Rules (as defined below).

(c) *Guarantee*

The Guarantor, as principal obligor (Sw: *proprieborgen*), irrevocably and unconditionally guarantees (the “**Guarantee**”) the punctual performance of all of the Issuer’s payment obligations under the Bonds.

(d) *Status*

The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 2) unsecured obligations of the Issuer ranking *pari passu* and rateably, without any preference among themselves, and equally with all other existing and future unsecured and unsubordinated obligations of the Issuer save for such obligations that may be preferred by mandatory provisions of law. The obligations of the Guarantor under the Guarantee constitute direct, unconditional, unsubordinated and (subject to Condition 2) unsecured obligations of the Guarantor ranking equally with all other existing and future unsecured and unsubordinated obligations of the Guarantor but, in the event of a winding up, save for such obligations that may be preferred by mandatory provisions of law.

### 2 Negative Pledge

So long as any of the Bonds remain outstanding neither the Issuer nor the Guarantor will create or have outstanding any mortgage, charge, pledge, lien (other than arising by operation of law) or other security interest on the whole or any part of its assets, revenues or uncalled capital, present or future, to secure any present or future Indebtedness of it or to secure any guarantee or indemnity by it in respect of or to secure any present or future Indebtedness of a third party unless simultaneously with, or prior to, the creation of such mortgage, charge, pledge, lien or other security interest there shall be taken any and all action necessary to

procure that such mortgage, charge, pledge, lien or other security interest is extended equally and rateably to all amounts payable by it under the Bonds or that such other security and/or guarantee is provided as shall be approved by an Extraordinary Resolution of the Bondholders.

For the purposes of this Condition 2 “**Indebtedness**” means any indebtedness for borrowed money which is in the form of or represented by any notes, bonds, loan stock, debentures or other securities which have a final maturity of more than one year from the date of their creation and which are, or are capable of being, quoted or listed on or dealt in or traded on any recognised stock exchange or other centrally organised or regulated securities market.

### 3 Definitions

In these Conditions, unless otherwise provided:

“**Bondholder**” and “**holder**” mean the person in whose name (including a nominee authorised as such by Euroclear (Sw: *förvaltare*)) a Bond is registered in an account in the book-entry settlement system of Euroclear pursuant to the Swedish Financial Instruments Accounts Act (*lagen (1998:1479) om kontoföring av finansiella instrument*) and, accordingly, where Bonds are held through a registered nominee (Sw: *förvaltare*) pursuant to such Act, the nominee shall be deemed to be the holder for the purposes of these Conditions.

“**business day**” means, in relation to any place, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business in that place.

“**capitalisation of profits or reserves**” means a bonus issue (Sw: *fondemission*) under Chapter 12 of the Swedish Companies Act (2005:551) pursuant to which the share capital of the Issuer is increased by way of (i) the value of a fixed asset being written up or (ii) an amount being transferred from (a) the statutory reserve, (b) the revaluation reserve, or (c) unrestricted equity pursuant to the most recently adopted balance sheet, and shall, for the avoidance of doubt, in each case exclude any share issue made pursuant to Chapter 13, Section 4, paragraph 3, of the Swedish Companies Act (2005:551).

a “**Change of Control**” shall occur if:

- (i) any person or persons, acting together, acquires or acquire Control of the Issuer, other than pursuant to or as a result of an Exempt Newco Scheme; or
- (ii) a public offer is, other than pursuant to or as a result of an Exempt Newco Scheme, made in respect of the Shares and such offer has been declared unconditional and the offeror, and any person or persons acting together with the offeror, acquire or acquires Control of the Issuer.

“**Change of Control Notice**” has the meaning provided in Condition 5(g).

“**Change of Control Period**” means the period commencing on the occurrence of a Change of Control and ending 60 calendar days following the Change of Control or, if later, 60 calendar days following the date on which a Change of Control Notice is given to Bondholders as required by Condition 5(g).

“**Change of Control Put Date**” has the meaning provided in Condition 6(e).

“**Change of Control Put Exercise Notice**” has the meaning provided in Condition 6(e).

“**Closing Date**” means 4 March 2014.

“**Control**” means in relation to any entity (i) the holding, ownership, acquisition or control of, or the right to acquire, hold, own or control, more than 50 per cent of the Voting Rights of the relevant entity or (ii) the right to appoint and/or remove all or the majority of the members of the board of directors or other governing body of the relevant entity, whether obtained directly or indirectly, and whether obtained by ownership of share

capital, the possession of Voting Rights, contract or otherwise and “**controlled**” shall be construed accordingly.

“**Conversion Date**” has the meaning provided in Condition 5(h).

“**Conversion Notice**” has the meaning provided in Condition 5(h).

“**Conversion Period**” has the meaning provided in Condition 5(a).

“**Conversion Period Commencement Date**” has the meaning provided in Condition 5(a).

“**Conversion Price**” has the meaning provided in Condition 5(a).

“**Conversion Right**” has the meaning provided in Condition 5(a).

“**Current Market Price**” means, in respect of a Share at a particular date, the average of the daily Volume Weighted Average Price of a Share on each of the five consecutive dealing days ending on the dealing day immediately preceding such date; provided that if the Volume Weighted Average Price of a Share is not available on one or more of the said five dealing days (disregarding for this purpose the proviso to the definition of Volume Weighted Average Price), then the average of such Volume Weighted Average Prices which are available in that five-dealing-day period shall be used (subject to a minimum of two such prices) and if only one, or no, such Volume Weighted Average Price is available in the relevant period the Current Market Price shall be determined by an Independent Adviser and provided further where more than one event which gives rise to an adjustment to the Conversion Price occurs within such a short period of time that, in the opinion of the Issuer, a modification to the operation of this definition is required to give the intended result, such modification shall be made to the operation of this definition as may be advised by an Independent Adviser to be in its opinion appropriate to give the intended result.

“**dealing day**” means a day on which the Relevant Stock Exchange or relevant stock exchange or securities market is open for business and on which Shares, Securities, Spin-Off Securities, options, warrants and other rights (as the case may be) may be dealt in (other than a day on which the Relevant Stock Exchange or relevant stock exchange or securities market is scheduled to or does close prior to its regular weekday closing time).

“**Dividend**” means any dividend or distribution to Shareholders (including a Spin-Off) whether of cash, assets or other property, and however described and whether payable out of share premium account, profits, retained earnings or any other capital or revenue reserve or account, and including a distribution or payment to holders upon or in connection with a reduction of capital (and for these purposes a distribution of assets includes without limitation an issue of Shares or other Securities credited as fully or partly paid up by way of capitalisation of profits or reserves, but excludes any redemption of preference shares or subordinated shares on the terms set out in the Issuer’s Articles of Association), provided that:

- (a) where (1) a Dividend in cash is announced which is to be, or may at the election of a Shareholder or Shareholders be, satisfied by the issue or delivery of Shares or other property or assets, or where a capitalisation of profits or reserves is announced which is to be, or may at the election of a Shareholder or Shareholders be, satisfied by the payment of cash, then the Dividend in question shall be treated as a cash Dividend of the greater of (i) the Fair Market Value of such cash amount and (ii) the Current Market Price of such Shares or, as the case may be, the Fair Market Value of such other property or assets, in any such case as at the first date on which the Shares are traded ex the relevant Dividend or capitalisation on the Relevant Stock Exchange, if later, the date on which the number of Shares (or amount of such other property or assets, as the case may be) which may be issued or delivered is determined or (2) there shall be any issue of Shares by way of capitalisation of profits or reserves (including any share premium account or statutory reserve) where such issue is or is expressed to be in lieu of a Dividend (whether or not a cash Dividend equivalent or amount is announced or would

otherwise be payable to Shareholders, whether at their election or otherwise), the Dividend in question shall be treated as a cash Dividend of an amount equal to the Current Market Price of such Shares as at the first date on which the Shares are traded ex- the relevant capitalisation on the Relevant Stock Exchange or, if later, the date on which the number of Shares to be issued or transferred and delivered is determined;

- (b) any issue of Shares falling within Condition 5(b)(ii) shall be disregarded;
- (c) a purchase or redemption or buy back of share capital of the Issuer by or on behalf of the Issuer or any of its Subsidiaries shall not constitute a Dividend unless, in the case of a purchase or redemption or buy back of Shares by or on behalf of the Issuer or any of its Subsidiaries, the weighted average price per Share (before expenses) on any one day (a “**Specified Share Day**”) in respect of such purchases or redemptions or buy backs (translated, if not in the Relevant Currency, into the Relevant Currency at the Prevailing Rate on such day) exceeds by more than 5 per cent. the average of the Volume Weighted Average Price of a Share on the Relevant Stock Exchange on the five dealing days immediately preceding the Specified Share Day or, where an announcement (excluding, for the avoidance of doubt for these purposes, any general authority for such purchases, redemptions or buy backs approved by a general meeting of Shareholders or any notice convening such a meeting of Shareholders) has been made of the intention to purchase, redeem or buy back Shares at some future date at a specified price or where a tender offer is made, on the five dealing days immediately preceding the date of such announcement or the date of first public announcement of such tender offer (and regardless of whether or not a price per Share, a minimum price per Share or a price range or a formula for the determination thereof is or is not announced at such time), as the case may be, in which case such purchase, redemption or buy back shall be deemed to constitute a Dividend in the Relevant Currency to the extent that the aggregate price paid (before expenses) in respect of such Shares purchased, redeemed or bought back by the Issuer or, as the case may be, any of its Subsidiaries (translated where appropriate into the Relevant Currency as provided above) exceeds the product of (i) 105 per cent. of the average Volume Average Weighted Price of a Share determined as aforesaid and (ii) the number of Shares so purchased, redeemed or bought back; and
- (d) if the Issuer or any of its Subsidiaries shall purchase, redeem or buy back any depositary or other receipts or certificates representing Shares, the provisions of paragraph (c) above shall be applied in respect thereof in such manner and with such modifications (if any) as shall be determined by an Independent Adviser.

“**equity share capital**” means, in relation to any entity, its issued share capital excluding preference shares and any other equity instrument which, neither as respects dividends nor as respects capital, carries any right to participate beyond a specific amount in a distribution or liquidation of the Issuer.

“**euro**” means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

“**Euroclear**” means Euroclear Sweden AB.

“**Exempt Newco Scheme**” means a Newco Scheme where, immediately after completion of the relevant Scheme of Arrangement the ordinary shares or units or equivalent of Newco (or depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco) are (1) admitted to trading on the Relevant Stock Exchange or (2) admitted to listing on such other regulated, regularly operating, recognised stock exchange or securities market as the Issuer or Newco may determine.

“**Extraordinary Resolution**” means a resolution passed at a meeting of Bondholders duly convened in accordance with Condition 11 by a majority of at least 75 per cent. of the votes cast.

“**Fair Market Value**” means, with respect to any property on any date, the fair market value of that property as determined by an Independent Adviser provided that (i) the Fair Market Value of a cash Dividend shall be the amount of such cash Dividend determined in accordance with the definition of such term; (ii) the Fair Market Value of any other cash amount shall be the amount of such cash; (iii) where Securities, Spin-Off Securities, options, warrants or other rights are publicly traded on a stock exchange or securities market of adequate liquidity (as determined by an Independent Adviser), the Fair Market Value (a) of such Securities or Spin-Off Securities shall equal the arithmetic mean of the daily Volume Weighted Average Prices of such Securities or Spin-Off Securities and (b) of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights, in the case of both (a) and (b) during the period of five dealing days on the relevant stock exchange or securities market commencing on such date (or, if later, the first such dealing day such Securities, Spin-Off Securities, options, warrants or other rights are publicly traded) or such shorter period as such Securities, Spin-Off Securities, options, warrants or other rights are publicly traded; (iv) where Securities, Spin-Off Securities, options, warrants or other rights are not publicly traded on a stock exchange or securities market of adequate liquidity (as aforesaid), the Fair Market Value of such Securities, Spin-Off Securities, options, warrants or other rights shall be determined by an Independent Adviser, on the basis of a commonly accepted market valuation method and taking account of such factors as it considers appropriate, including the market price per Share, the dividend yield of a Share, the volatility of such market price, prevailing interest rates and the terms of such Securities, Spin-Off Securities, options, warrants or other rights, including as to the expiry date and exercise price (if any) thereof. Such amounts shall, in the case of (i) above, be translated into the Relevant Currency (if declared or paid or payable in a currency other than the Relevant Currency) at the rate of exchange used to determine the amount payable to Shareholders who were paid or are to be paid or are entitled to be paid the cash Dividend in the Relevant Currency; and in any other case, shall be translated into the Relevant Currency (if expressed in a currency other than the Relevant Currency) at the Prevailing Rate on that date. In addition, in the case of (i) and (ii) above, the Fair Market Value shall be determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit.

“**Final Maturity Date**” means 1 April 2019.

“**First Call Date**” has the meaning provided in Condition 6(b)(A).

“**indebtedness for borrowed money**” means any present or future indebtedness (whether being principal, interest or other amounts) for or in respect of (i) money borrowed, (ii) liabilities under or in respect of any acceptance or acceptance credit or (iii) any notes, bonds, debentures, debenture stock, loan capital, loan stock, certificates of deposit, commercial paper or other securities or instruments, offered, issued or distributed whether by way of public offer, private placing, acquisition consideration or otherwise and whether issued for cash or in whole or in part for a consideration other than cash.

“**Independent Adviser**” means an independent institution or adviser appointed by the Issuer.

“**Interest Payment Date**” has the meaning provided in Condition 4(a).

“**Interest Period**” has the meaning provided in Condition 4(a).

“**Issuing Agent**” means the bank or an issuing agent that the Issuer from time to time appoints to manage certain tasks in accordance with these Conditions, which initially shall be Nordea Bank AB (publ) currently located at SE-105 71 Stockholm, Sweden.

“**Newco Scheme**” means a scheme of arrangement or analogous proceeding (“**Scheme of Arrangement**”) which effects the interposition of a limited liability company (“**Newco**”) between the Shareholders of the Issuer immediately prior to the Scheme of Arrangement (the “**Existing Shareholders**”) and the Issuer; provided that (i) only ordinary shares or units or equivalent of Newco or depositary or other receipts or certificates representing ordinary shares or units or equivalent are issued to Existing Shareholders; (ii)

immediately after completion of the Scheme of Arrangement the only holders of ordinary shares, units or equivalent of Newco or, as the case may be, the only holders of depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco are Existing Shareholders holding in the same proportions as immediately prior to completion of the Scheme of Arrangement; (iii) immediately after completion of the Scheme of Arrangement, Newco is (or one or more wholly-owned Subsidiaries of Newco are) the only shareholder of the Issuer; (iv) all Subsidiaries of the Issuer immediately prior to the Scheme of Arrangement (other than Newco, if Newco is then a Subsidiary of the Issuer) are Subsidiaries of the Issuer (or of Newco) immediately after completion of the Scheme of Arrangement; and (v) immediately after completion of the Scheme of Arrangement the Issuer (or Newco) holds, directly or indirectly, the same percentage of the ordinary share capital and equity share capital of those Subsidiaries as was held by the Issuer immediately prior to the Scheme of Arrangement.

“**Newco Scheme Modification**” has the meaning provided in Condition 11.

“**Optional Redemption Date**” has the meaning provided in Condition 6(b).

“**Optional Redemption Notice**” has the meaning provided in Condition 6(b).

“**outstanding**” means, in relation to the Bonds, all the Bonds issued except (a) those which have been redeemed in accordance with the Conditions, (b) those in respect of which Conversion Rights have been exercised and all the obligations of the Issuer have been duly performed in relation thereto, (c) those in respect of which the date for redemption has occurred and the redemption moneys (including all interest accrued on such Bonds to the date for such redemption and any interest payable under the Conditions after such date) have been duly paid and remain available for payment, (d) those in respect of which claims have become void or prescribed, and (e) those which have been purchased and cancelled as provided in the Conditions, provided that for the purposes of ascertaining the right to attend and vote at any meeting of Bondholders those Bonds which are beneficially held by, or are held on behalf of, the Issuer, the Guarantor or any of their respective Subsidiaries and not cancelled shall (unless and until ceasing to be so held) be deemed not to remain outstanding.

a “**person**” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity).

“**Prevailing Rate**” means, in respect of any currencies on any day, the spot rate of exchange between the relevant currencies prevailing as at or about 12 noon (Stockholm time) on that date as appearing on or derived from the Relevant Page or, if such a rate cannot be determined at such time, the rate prevailing as at or about 12 noon (Stockholm time) on the immediately preceding day on which such rate can be so determined.

“**Registration Date**” has the meaning provided in Condition 5(i).

“**Relevant Currency**” means Swedish Kronor or, if at the relevant time or for the purposes of the relevant calculation or determination, NASDAQ OMX Stockholm is not the Relevant Stock Exchange, the currency in which the Shares are quoted or dealt in on the Relevant Stock Exchange at such time.

“**Relevant Date**” means, in respect of any Bond, whichever is the later of:

- (i) the date on which payment in respect of it first becomes due; and
- (ii) if any amount of the money payable is improperly withheld or refused the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given by the Issuer to the Bondholders in accordance with Condition 14 that such payment will be made, provided that such payment is in fact made as provided in these Conditions.

“**Relevant Page**” means the relevant page on Bloomberg or such other information service provider that displays the relevant information.

“**Relevant Stock Exchange**” means NASDAQ OMX Stockholm or if at the relevant time the Shares are not at that time listed and admitted to trading on NASDAQ OMX Stockholm, the principal stock exchange or securities market on which the Shares are then listed, admitted to trading or quoted or dealt in.

“**Rules**” means the legislation, rules and regulations applicable to and/or issued by Euroclear that are in force and effect from time to time.

“**Scheme of Arrangement**” has the meaning provided in the definition of “Newco Scheme”. “**Securities**” means any securities including, Shares or options, warrants or other rights to subscribe for or purchase or acquire Shares.

“**Shareholders**” means the holders of Shares. For the avoidance of doubt, a reference to a “Shareholder” in this document shall not be construed as a reference to such Shareholder in its capacity as a holder of any other financial instrument than the Shares.

“**Shares**” means fully paid ordinary shares in the capital of the Issuer (for the avoidance of doubt, excluding any preference shares and subordinated shares in the capital of the Issuer). Each Share confers on the holder one vote at general meetings of the Issuer.

“**Specified Date**” has the meaning provided in Conditions 5(b)(vii) and (viii).

“**Spin-Off**” means:

- (a) a distribution of Spin-Off Securities by the Issuer to Shareholders as a class; or
- (b) any issue, transfer or delivery of any property or assets (including cash or shares or securities of or in or issued or allotted by any entity) by any entity (other than the Issuer) to Shareholders as a class or, in the case of or in connection with a Newco Scheme, Existing Shareholders as a class (but excluding the issue and allotment of ordinary shares by Newco to Existing Shareholders as a class), pursuant in each case to any arrangements with the Issuer or any of its Subsidiaries.

“**Spin-Off Securities**” means equity share capital of an entity other than the Issuer or options, warrants or other rights to subscribe for or purchase equity share capital of an entity other than the Issuer.

“**Subsidiary**” means in relation to any company at any particular time, any other company which is then a subsidiary (within the meaning of the Swedish Companies Act (2005:551) as amended).

“**Swedish Kronor**” and “**SEK**” means the lawful currency of the Kingdom of Sweden.

“**Tax Redemption Date**” has the meaning provided in Condition 6(c).

“**Tax Redemption Notice**” has the meaning provided in Condition 6(c).

“**Volume Weighted Average Price**” means, in respect of a Share, Security or, as the case may be, a Spin-Off Security on any dealing day, the volume-weighted average price of a Share, Security or, as the case may be, a Spin-Off Security published by or derived (in the case of a Share) from Bloomberg page HP (setting Weighted Average) or (in the case of a Security (other than Shares) or a Spin-Off Security) from the principal stock exchange or securities market on which such Securities or Spin-Off Securities are then listed or quoted or dealt in, if any or, in any such case, such other source as shall be determined to be appropriate by an Independent Adviser on such dealing day, provided that if on any such dealing day such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of a Share, Security or Spin-Off Security as the case may be, in respect of such dealing day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding dealing day on which the same can be so determined.

“**Voting Rights**” means the right generally to vote at a general meeting of Shareholders of the Issuer (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

References to any act or statute or any provision of any act or statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment.

References to any issue or offer or grant to Shareholders or Existing Shareholders “**as a class**” or “**by way of rights**” shall be taken to be references to an issue or offer or grant to all or substantially all Shareholders or Existing Shareholders, as the case may be, other than Shareholders or Existing Shareholders, as the case may be, to whom, by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.

In making any calculation or determination of Current Market Price or Volume Weighted Average Price, such adjustments (if any) shall be made as an Independent Adviser considers appropriate to reflect any consolidation or sub-division of the Shares or any issue of Shares by way of capitalisation of profits or reserves, or any like or similar event.

For the purposes of Conditions 6(a), (b), (c), (g) and (h) and Condition 10 only, (a) references to the “**issue**” of Shares or Shares being “**issued**” shall include the transfer and/or delivery of Shares, whether newly issued and allotted or previously existing or held by or on behalf of the Issuer or any of its Subsidiaries, and (b) Shares held by or on behalf of the Issuer or any of its respective Subsidiaries (and which, in the case of Condition 5(b)(iv) and (vi), do not rank for the relevant right or other entitlement) shall not be considered as or treated as “**in issue**” or “**issued**”, or entitled to receive the relevant Dividend, right or other entitlement.

## 4 Interest

### (a) *Interest Rate*

The Bonds bear interest from (but excluding) the Closing Date at the rate of 3.625 per cent. per annum calculated by reference to the principal amount thereof and payable semi-annually in arrear in equal instalments on 1 April and 1 October in each year (each an “**Interest Payment Date**”), commencing with the Interest Payment Date falling on 1 October 2014 and the amount payable on each Interest Payment Date will amount to SEK 18,125 per SEK 1,000,000 principal amount of the Bonds except that the first payment of interest will be made on 1 April 2014 in respect of the period from (but excluding) the Closing Date to (and including) 1 April 2014, and will amount to SEK 2,718.75 per SEK 1,000,000 principal amount of the Bonds.

If interest is required to be calculated for a period of less than a full Interest Period, it shall be calculated on the basis of a 360 day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

“**Interest Period**” means the period beginning on (but excluding) the Closing Date and ending on (and including) the first Interest Payment Date and each successive period beginning on (but excluding) an Interest Payment Date and ending on (and including) the next succeeding Interest Payment Date.

### (b) *Accrual of Interest*

Each Bond will cease to bear interest (i) where the Conversion Right shall have been exercised by a Bondholder, from the Interest Payment Date immediately preceding the relevant Conversion Date or, if none, the Closing Date (subject in any such case as provided in Condition 5(j)) or (ii) where such Bond is redeemed or repaid pursuant to Condition 6 or Condition 9, from the due date for redemption or

repayment thereof unless payment of principal is improperly withheld or refused, in which event interest will continue to accrue at the rate specified in Condition 4(a) (both before and after judgment) until the calendar day on which all sums due in respect of such Bond up to that calendar day are received by or on behalf of the relevant holder.

## 5 Conversion of Bonds

### (a) Conversion Period and Conversion Price

Subject to and as provided in these Conditions, each Bond shall entitle the holder to convert such Bond into new Shares in the circumstances provided in these Conditions, credited as fully paid (a “**Conversion Right**”).

The number of Shares to be issued on exercise of a Conversion Right shall be determined by dividing the principal amount of the Bonds to be converted by the conversion price (the “**Conversion Price**”) in effect on the relevant Conversion Date.

The initial Conversion Price is SEK 24.0173 per Share. The Conversion Price is subject to adjustment in the circumstances described in Condition 5(b).

A Bondholder may exercise the Conversion Right in respect of a Bond by delivering a duly completed Conversion Notice to the specified office of the Issuer in accordance with Condition 5(h) whereupon the Issuer shall (subject as provided in these Conditions) procure the delivery, to or as directed by the relevant Bondholder, of Shares credited as paid up in full as provided in this Condition 5.

Subject to and as provided in these Conditions, the Conversion Right in respect of a Bond may be exercised, at the option of the holder thereof, at any time subject to any applicable fiscal or other laws or regulations and as hereinafter provided from 14 April 2014 (the “**Conversion Period Commencement Date**”) to the close of business on the date which falls 15 Stockholm business days prior to the Final Maturity Date (both days inclusive) or, if such Bond is to be redeemed pursuant to Condition 6(b) or 6(c) prior to the Final Maturity Date, then up to (and including) the close of business on the 15<sup>th</sup> Stockholm business day before the date fixed for redemption thereof pursuant to Condition 6(b) or 6(c), unless there shall be a default in making payment in respect of such Bond on such date fixed for redemption, in which event the Conversion Right shall extend up to (and including) the close of business on the date on which the full amount of such payment becomes available for payment and notice of such availability has been duly given in accordance with Condition 14 or, if earlier, the Final Maturity Date or, if the Final Maturity Date is not a Stockholm business day, the immediately preceding Stockholm business day; provided that, in each case, if such final date for the exercise of Conversion Rights is not a Stockholm business day, then the period for exercise of Conversion Rights by Bondholders shall end on the immediately preceding business day at the place aforesaid.

Notwithstanding the foregoing, if a Change of Control occurs, the Conversion Right may be exercised prior to the Conversion Period Commencement Date, in which case Bondholders exercising the Conversion Right prior to the Conversion Period Commencement Date shall, as a pre-condition to receiving Shares, be required to certify in the Conversion Notice, among other things, that it or, if it is a broker-dealer acting on behalf of a customer, such customer:

- (i) will, on conversion, become the beneficial owner of the Shares; and
- (ii) is located outside the United States (within the meaning of Regulation S under the U.S. Securities Act of 1933, as amended).

Conversion Rights may not be exercised in respect of (i) any Bond following the giving of notice by the holder of such Bond pursuant to Condition 9 or (ii) a Bond in respect of which the relevant

Bondholder has exercised its right to require the Issuer to redeem that Bond pursuant to Condition 6(e).

Save where a notice of redemption is given by the Issuer in the circumstances provided in Condition 5(j), Conversion Rights may not be exercised by a Bondholder in circumstances where the relevant Conversion Date would fall during the period commencing on the record date in respect of any payment of interest on the Bonds and ending on the relevant Interest Payment Date (both days inclusive).

The period during which Conversion Rights may (subject as provided below) be exercised by a Bondholder is referred to as the “**Conversion Period**”.

Conversion Rights may only be exercised in respect of the whole of the principal amount of a Bond.

Fractions of Shares will not be issued or delivered on exercise of Conversion Rights or pursuant to Condition 5(c) and no cash payment or other adjustment will be made in lieu thereof. However, if the Conversion Right in respect of more than one Bond is exercised at any one time such that Shares to be delivered on conversion or pursuant to Condition 5(c) are to be registered in the same name, the number of such Shares to be delivered in respect thereof shall be calculated on the basis of the aggregate principal amount of such Bonds being so converted and rounded down to the nearest whole number of Shares.

The Issuing Agent (on behalf of the Issuer) will procure that Shares to be issued or delivered on exercise of Conversion Rights will be issued or delivered to the holder of the Bonds completing the relevant Conversion Notice or his nominee.

(b) *Adjustment of Conversion Price*

Upon the happening of any of the events described below, from and including the Closing Date, the Conversion Price shall be adjusted as follows:

- (i) If and whenever there shall be a consolidation (Sw. *sammanläggning*), reclassification (Sw. *omvandling*) or subdivision (Sw. *uppdelning*) in relation to the Shares, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such consolidation, reclassification or subdivision by the following fraction:

$$\frac{A}{B}$$

where:

- A is the aggregate number of Shares in issue immediately before such consolidation, reclassification or subdivision, as the case may be; and  
B is the aggregate number of Shares in issue immediately after, and as a result of, such consolidation, reclassification or subdivision, as the case may be.

Such adjustment shall become effective on the date the consolidation, reclassification or subdivision, as the case may be, takes effect.

- (ii) If and whenever the Issuer shall issue any Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account or statutory reserve) other than (1) where any such Shares are or are to be issued instead of the whole or part of a Dividend in cash which the Shareholders would or could otherwise have elected to receive, (2) where the Shareholders may elect to receive a Dividend in cash in lieu of such Shares or (3) where any such Shares are or are expressed to be issued in lieu of a

Dividend (whether or not a cash Dividend equivalent or amount is announced or would otherwise be payable to Shareholders, whether at their election or otherwise), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of Shares in issue immediately before such issue; and

B is the aggregate number of Shares in issue immediately after such issue.

Such adjustment shall become effective on the date of issue of such Shares.

(iii)

- (A) If and whenever the Issuer shall pay or make any Dividend to Shareholders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Share on the Effective Date; and

B is the portion of the Fair Market Value of the aggregate Dividend attributable to one Share, with such portion being determined by dividing the Fair Market Value of the aggregate Dividend by the number of Shares entitled to receive the relevant Dividend (or, in the case of a purchase, redemption or buy back of Shares or any depositary or other receipts or certificates representing Shares by or on behalf of the Issuer or any Subsidiary of the Issuer, by the number of Shares in issue immediately following such purchase, redemption or buy back, and treating as not being in issue any Shares, or any Shares represented by depositary or other receipts or certificates, purchased, redeemed or bought back).

Such adjustment shall become effective on the Effective Date or, if later, the first date upon which the Fair Market Value of the relevant Dividend is capable of being determined as provided herein.

“**Effective Date**” means, in respect of this sub-paragraph (b)(iii)(A), the first date on which the Shares are traded ex-the relevant Dividend on the Relevant Stock Exchange or, in the case of a purchase, redemption or buy back of Shares or any depositary or other receipts or certificates representing Shares, the date on which such purchase, redemption or buy back is made or in the case of a Spin-Off, on the first date on which the Shares are traded ex- the relevant Spin-Off on the Relevant Stock Exchange.

- (B) For the purposes of the above, Fair Market Value shall (subject as provided in paragraph (a) of the definition of “Dividend” and in the definition of “Fair Market Value”) be determined as at the Effective Date.

- (iv) If and whenever the Issuer shall issue Shares to Shareholders as a class by way of rights, or shall issue or grant to Shareholders as a class by way of rights, any options, warrants or other rights to subscribe for or purchase any Shares, or any Securities which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, Shares (or shall grant any such rights in respect of existing securities so issued), in each case at a price per Share which is less than 95 per cent. of the Current Market Price per Share on the Effective Date, the Conversion Price shall, subject as provided below, be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A+B}{A+C}$$

where:

- A is the number of Shares in issue on the Effective Date;
- B is the number of Shares which the aggregate consideration (if any) receivable for the Shares issued by way of rights, or for the Securities issued by way of rights, or for the options or warrants or other rights issued by way of rights and for the total number of Shares deliverable on the exercise thereof, would purchase at such Current Market Price per Share on the Effective Date; and
- C is the number of Shares to be issued or, as the case may be, the maximum number of Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights or upon conversion or exchange or exercise of rights of subscription or purchase in respect thereof at the initial conversion, exchange, subscription or purchase price or rate.

Such adjustment shall become effective on the Effective Date.

“**Effective Date**” means, in respect of this sub-paragraph (b)(iv), the first date on which the Shares are traded ex-rights, ex-options or ex-warrants on the Relevant Stock Exchange.

Notwithstanding the foregoing, if following such adjustment Adjusted Parity is lower than Pre-adjusted Parity, then such further adjustment shall be made to the Conversion Price as an Independent Adviser shall consider appropriate to ensure that Adjusted Parity (reflecting such further adjustment) shall be equal to Pre-adjusted Parity.

“**Adjusted Parity**” means an amount equal to VED/NCP

where:

- VED is the Volume Weighted Average Price of a Share on the Effective Date; and
- NCP is the Conversion Price following such adjustment becoming effective

“**Pre-adjusted Parity**” means an amount equal to VBD/CP

where:

- VBD is the Volume Weighted Average Price of a Share on the dealing day

immediately prior to the Effective Date; and

CP is the Conversion Price immediately prior to such adjustment becoming effective

- (v) If and whenever the Issuer shall issue any Securities (other than Shares or options, warrants or other rights to subscribe for or purchase any Shares) to Shareholders as a class by way of rights or grant to Shareholders as a class by way of rights any options, warrants or other rights to subscribe for or purchase any Securities (other than Shares or options, warrants or other rights to subscribe for or purchase Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Share on the Effective Date; and

B is the Fair Market Value on the Effective Date of the portion of the rights attributable to one Share

Such adjustment shall become effective on the Effective Date.

“**Effective Date**” means, in respect of this sub-paragraph (b)(v), the first date on which the Shares are traded ex- the relevant Securities or ex-rights, ex-option or ex-warrants on the Relevant Stock Exchange.

- (vi) If and whenever the Issuer shall issue (otherwise than as mentioned in sub-paragraph (b)(iv) above) wholly for cash or for no consideration any Shares (other than Shares issued on conversion of the Bonds or Shares issued on the exercise of any other rights of conversion into, or exchange or subscription for or purchase of, Shares) or issue or grant (otherwise than as mentioned in sub-paragraph (b)(iv) above) wholly for cash or for no consideration any options, warrants or other rights to subscribe for or purchase any Shares (other than the Bonds), in each case at a price per Share which is less than 95 per cent. of the Current Market Price per Share on the date of the first public announcement of the terms of such issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Shares in issue immediately before the issue of such Shares or the grant of such options, warrants or rights;

B is the number of Shares which the aggregate consideration (if any) receivable for the issue of such Shares or, as the case may be, for such Shares to be issued or otherwise made available upon the exercise of any such options, warrants or rights, would purchase at such Current Market Price per Share on the Effective Date; and

C is the number of Shares to be issued pursuant to such issue of such Shares or, as the case may be, the maximum number of Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights.

Such adjustment shall become effective on the Effective Date.

“**Effective Date**” means, in respect of this sub-paragraph (b)(vi), the date of issue of such Shares or, as the case may be, the grant of such options, warrants or rights.

- (vii) If and whenever the Issuer or any Subsidiary of the Issuer or (at the direction or request of or pursuant to any arrangements with the Issuer or any Subsidiary of the Issuer) any other company, person or entity (otherwise than as mentioned in sub-paragraphs (b)(iv), (b)(v) or (b)(vi) above) shall issue wholly for cash or for no consideration any Securities (other than the Bonds) which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, Shares (or shall grant any such rights in respect of existing Securities so issued) or Securities which by their terms might be reclassified as Shares, and the consideration per Share receivable upon conversion, exchange, subscription or reclassification is less than 95 per cent. of the Current Market Price per Share on the date of the first public announcement of the terms of issue of such Securities (or the terms of such grant), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Shares in issue immediately before such issue or grant (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for Shares which have been issued, purchased or acquired by the Issuer or any Subsidiary of the Issuer (or at the direction or request or pursuant to any arrangements with the Issuer or any Subsidiary of the Issuer) for the purposes of or in connection with such issue, less the number of such Shares so issued, purchased or acquired);
- B is the number of Shares which the aggregate consideration (if any) receivable for the Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription attached to such Securities or, as the case may be, for the Shares to be issued or to arise from any such reclassification would purchase at such Current Market Price per Share on the Effective Date; and
- C is the maximum number of Shares to be issued or otherwise made available upon conversion or exchange of such Securities or upon the exercise of such right of subscription attached thereto at the initial conversion, exchange or subscription price or rate or, as the case may be, the maximum number of Shares which may be issued or arise from any such reclassification,

provided that if at the time of issue of the relevant Securities or date of grant of such rights (as used in this sub-paragraph (b)(vii), the “**Specified Date**”) such number of Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time (which may be when such Securities are converted or exchanged or rights of subscription are exercised or, as the case may be, such

Securities are reclassified or at such other time as may be provided), then for the purposes of this sub-paragraph (b)(vii), “C” shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such conversion, exchange, subscription, purchase or acquisition or, as the case may be, reclassification had taken place on the Specified Date.

Such adjustment shall become effective on the Effective Date.

“**Effective Date**” means, in respect of this sub-paragraph (b)(vii), the date of issue of such Securities or, as the case may be, the grant of such rights.

- (viii) If and whenever there shall be any modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to any such Securities (other than the Bonds) as are mentioned in sub-paragraph (b)(vii) above (other than in accordance with the terms (including terms as to adjustment) applicable to such Securities upon issue) so that following such modification the consideration per Share receivable has been reduced and is less than 95 per cent. of the Current Market Price per Share on the date of the first public announcement of the proposals for such modification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Shares in issue on the dealing day immediately before such modification (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for, or purchase or acquisition of, Shares which have been issued, purchased or acquired by the Issuer or any Subsidiary of the Issuer (or at the direction or request or pursuant to any arrangements with the Issuer or any Subsidiary of the Issuer) for the purposes of or in connection with such Securities less the number of such Shares so issued, purchased or acquired);
- B is the number of Shares which the aggregate consideration (if any) receivable for the Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription, purchase or acquisition attached to the Securities so modified would purchase at such Current Market Price per Share on the Effective Date or, if lower, the existing conversion, exchange, subscription, purchase or acquisition price or rate of such Securities; and
- C is the maximum number of Shares which may be issued or otherwise made available upon conversion or exchange of such Securities or upon the exercise of such rights of subscription, purchase or acquisition attached thereto at the modified conversion, exchange, subscription, purchase or acquisition price or rate but giving credit in such manner as an Independent Adviser shall consider appropriate for any previous adjustment under this sub-paragraph (b)(viii) or sub-paragraph (b)(vii) above;

provided that if at the time of such modification (as used in this sub-paragraph (b)(viii), the “**Specified Date**”) such number of Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time (which may be when such Securities are converted or exchanged or rights of

subscription, purchase or acquisition are exercised or at such other time as may be provided), then for the purposes of this sub-paragraph (b)(viii), “C” shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such conversion, exchange, subscription, purchase or acquisition had taken place on the Specified Date.

Such adjustment shall become effective on the Effective Date.

“**Effective Date**” means, in respect of this sub-paragraph (b)(viii), the date of modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to such Securities.

- (ix) If and whenever the Issuer or any Subsidiary of the Issuer or (at the direction or request of or pursuant to any arrangements with the Issuer or any Subsidiary of the Issuer) any other company, person or entity shall offer any Securities in connection with which Shareholders as a class are entitled to participate in arrangements whereby such Securities may be acquired by them (except where the Conversion Price falls to be adjusted under sub-paragraphs (b)(ii), (b)(iii), (b)(iv), (b)(v), (b)(vi) or (b)(vii) above or (b)(x) below (or would fall to be so adjusted if the relevant issue or grant was at less than 95 per cent. of the Current Market Price per Share on the relevant dealing day), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Share on the Effective Date; and

B is the Fair Market Value on the Effective Date of the portion of the relevant offer attributable to one Share.

Such adjustment shall become effective on the Effective Date.

“**Effective Date**” means, in respect of this sub-paragraph (b)(ix), the first date on which the Shares are traded ex- rights on the Relevant Stock Exchange.

- (x) If a Change of Control shall occur, then upon any exercise of Conversion Rights where the Conversion Date falls during the Change of Control Period, the Conversion Price (the “**Change of Control Conversion Price**”) shall be determined as set out below:

$$CCCP = OCP / (1 + (CP \times c/t))$$

where:

CCCP = means the Change of Control Conversion Price

OCP = means the Conversion Price in effect on the relevant Conversion Date

CP = means 25 per cent. (expressed as a fraction)

c = means the number of days from and including the date the Change of Control occurs to but excluding the Final Maturity Date

t = means the number of days from and including the Closing Date to but excluding the Final Maturity Date

- (xi) If the Issuer determines that an adjustment should be made to the Conversion Price as a result of one or more circumstances not referred to above in this Condition 5(b) (even if the relevant circumstance is specifically excluded from the operation of sub-paragraphs (b)(i) to (x) above), the Issuer shall, at its own expense and acting reasonably, request an Independent Adviser to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof and the date on which such adjustment (if any) should take effect and upon such determination such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that an adjustment shall only be made pursuant to this sub-paragraph (b)(xi) if such Independent Adviser is so requested to make such a determination not more than 21 calendar days after the date on which the relevant circumstance arises and if the adjustment would result in a reduction to the Conversion Price.

Notwithstanding the foregoing provisions:

- (a) where the events or circumstances giving rise to any adjustment pursuant to this Condition 5(b) have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of any other events or circumstances which have already given or will give rise to an adjustment to the Conversion Price or where more than one event which gives rise to an adjustment to the Conversion Price occurs within such a short period of time that, in the opinion of the Issuer, a modification to the operation of the adjustment provisions is required to give the intended result, such modification shall be made to the operation of the adjustment provisions as may be advised by an Independent Adviser to be in its opinion appropriate to give the intended result; and
- (b) in addition, such modification shall be made to the operation of these Conditions as may be advised by an Independent Adviser to be in its opinion appropriate (i) to ensure that an adjustment to the Conversion Price or the economic effect thereof shall not be taken into account more than once and (ii) to ensure that the economic effect of a Dividend is not taken into account more than once.

For the purpose of any calculation of the consideration receivable or price pursuant to sub-paragraphs (b)(iv), (b)(vi), (b)(vii) and (b)(viii), the following provisions shall apply:

- (a) the aggregate consideration receivable or price for Shares issued for cash shall be the amount of such cash;
- (b) (x) the aggregate consideration receivable or price for Shares to be issued or otherwise made available upon the conversion or exchange of any Securities shall be the consideration or price received or receivable for any such Securities and (y) the aggregate consideration receivable or price for Shares to be issued or otherwise made available upon the exercise of rights of subscription attached to any Securities or upon the exercise of any options, warrants or rights shall be deemed to be that part (which may be the whole) of the consideration or price received or receivable for such Securities or, as the case may be, for such options, warrants or rights which are attributed by the Issuer to such rights of subscription or, as the case may be, such options, warrants or rights or, if no part of such consideration or price is so attributed, the Fair Market Value of such rights of subscription or, as the case may be, such options, warrants or rights as at the relevant date of first public announcement as referred to in sub-paragraphs (b)(vi), (b)(vii) or (b)(viii), as the case may be, plus in the case of each of (x) and (y) above, the additional minimum consideration

receivable or price (if any) upon the conversion or exchange of such Securities, or upon the exercise of such rights of subscription attached thereto or, as the case may be, upon exercise of such options, warrants or rights and (z) the consideration receivable or price per Share upon the conversion or exchange of, or upon the exercise of such rights of subscription attached to, such Securities or, as the case may be, upon the exercise of such options, warrants or rights shall be the aggregate consideration or price referred to in (x) or (y) above (as the case may be) divided by the number of Shares to be issued upon such conversion or exchange or exercise at the initial conversion, exchange or subscription price or rate;

- (c) if the consideration or price determined pursuant to (a) or (b) above (or any component thereof) shall be expressed in a currency other than the Relevant Currency, it shall be converted into the Relevant Currency at the Prevailing Rate on the relevant Effective Date (in the case of (a) above) or the relevant date of first public announcement (in the case of (b) above);
- (d) in determining the consideration or price pursuant to the above, no deduction shall be made for any commissions or fees (howsoever described) or any expenses paid or incurred for any underwriting, placing or management of the issue of the relevant Shares or Securities or options, warrants or rights, or otherwise in connection therewith; and
- (e) the consideration or price shall be determined as provided above on the basis of the consideration or price received, receivable, paid or payable, regardless of whether all or part thereof is received, receivable, paid or payable by or to the Issuer or another entity.

(c) *Adjustment to Conversion Date*

If the Registration Date (as defined in Condition 5(i)) in relation to any Bond would but for the provisions of this Condition 5(c) be after the record date in respect of any consolidation, reclassification or sub-division as is mentioned in Condition 5(b)(i), or after the record date or other due date for the establishment of entitlement for any such issue, distribution, grant or offer (as the case may be) as is mentioned in Condition 5(b)(ii), (iii), (iv), (v) or (ix), or after the date of the first public announcement of the terms of any such issue or grant as is mentioned in Condition 5(b)(vi) and (vii) or of the terms of any such modification as is mentioned in Condition 5(b)(viii), in circumstances where the Conversion Date falls before the relevant adjustment to the Conversion Price becomes effective under Condition 5(b), then references in these Conditions to the Conversion Date shall (save for the purposes of Conditions 4(b), 5(b)(x), 5(i), 5(j) and 5(l) (and related definitions and provisions)), be deemed for all purposes to be a reference to the date such adjustment becomes effective, and, save where Condition 5(l) applies, the Issuer shall take all necessary steps to cancel the original application for registration with the Swedish Companies Registration Office and to procure the registration with the Swedish Companies Registration Office of the Shares to be issued as soon as practicable following the Conversion Date (determined as aforesaid).

(d) *Decision of an Independent Adviser*

If any doubt shall arise as to whether an adjustment falls to be made to the Conversion Price or as to the appropriate adjustment to the Conversion Price, and following consultation between the Issuer and an Independent Adviser, a written opinion of such Independent Adviser in respect thereof shall be conclusive and binding on the Issuer and the Bondholders, save in the case of manifest error.

(e) *Share or Option Schemes, Dividend Reinvestment Plans*

No adjustment will be made to the Conversion Price where Shares or other Securities (including rights, warrants and options) are issued, offered, exercised, allotted, purchased, appropriated, modified or

granted to, or for the benefit of, employees or former employees (including Directors holding or formerly holding executive office or the personal service company of any such person) or their spouses or relatives, in each case, of the Issuer or any of its Subsidiaries or any associated company or to a trustee or trustees to be held for the benefit of any such person, in any such case pursuant to any share or option scheme or pursuant to any dividend reinvestment plan or similar plan or scheme.

*(f) Rounding Down and Notice of Adjustment to the Conversion Price*

On any adjustment, the resultant Conversion Price, if not an integral multiple of SEK 0.01, shall be rounded down to the nearest whole multiple of SEK 0.01 where SEK 0.005 or more shall be rounded up and less than SEK 0.005 shall be rounded down. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than one per cent. of the Conversion Price then in effect. Any adjustment not required to be made and/or any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time and/or, as the case may be, that the relevant rounding had not been made.

Notice of any adjustments to the Conversion Price shall be given by the Issuer to Bondholders in accordance with Condition 14 promptly after the determination thereof.

The Conversion Price shall not in any event be reduced to below the quota value of the Shares and the Issuer undertakes that it shall not take any action, and shall procure that no action is taken, that would otherwise result in an adjustment to the Conversion Price to below such quota value or any minimum level permitted by applicable laws or regulations.

*(g) Change of Control*

Within 7 calendar days following the occurrence of a Change of Control, the Issuer shall give notice thereof to the Bondholders in accordance with Condition 14 (a “**Change of Control Notice**”). The Change of Control Notice shall contain a statement informing Bondholders of their entitlement to exercise their Conversion Rights as provided in these Conditions and their entitlement to exercise their rights to require redemption of their Bonds pursuant to Condition 6(e).

The Change of Control Notice shall also specify:

- (A) all information material to Bondholders concerning the Change of Control;
- (B) the Conversion Price immediately prior to the occurrence of the Change of Control and the Change of Control Conversion Price applicable pursuant to Condition 5(b)(x) during the Change of Control Period on the basis of the Conversion Price in effect immediately prior to the occurrence of the Change of Control;
- (C) the closing price of the Shares as derived from the Relevant Stock Exchange as at the latest practicable date prior to the publication of the Change of Control Notice;
- (D) the last day of the Change of Control Period; and
- (E) the Change of Control Put Date.

*(h) Procedure for exercise of Conversion Rights*

Conversion Rights may be exercised by a Bondholder during the Conversion Period by delivering to the specified office of the Issuer a duly completed and signed notice of conversion (a “**Conversion Notice**”) in the form (for the time being current) obtainable from the Issuer. Conversion Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations in Sweden.

If such delivery is made after the end of normal business hours or on a day which is not a business day in the place of the specified office of the Issuer, such delivery shall be deemed for all purposes of these Conditions to have been made on the next following such business day.

Conversion Rights may only be exercised in respect of the whole of the principal amount of a Bond.

A Conversion Notice, once delivered, shall be irrevocable.

The conversion date in respect of a Bond (the “**Conversion Date**”) shall be the day which is the first dealing day immediately following the date of the delivery of the relevant Conversion Notice as provided in this Condition 5(h) which is also a business day in Stockholm.

A Bondholder exercising Conversion Rights must pay directly to the relevant authorities any taxes and capital, stamp, issue and registration and transfer taxes and duties arising on such exercise (other than any taxes or capital, stamp, issue and registration and transfer taxes and duties payable in the Kingdom of Sweden in respect of the issue or transfer and delivery of any Shares in respect of such exercise, which shall be paid by the Issuer). If the Issuer shall fail to pay any taxes and capital, stamp, issue and registration and transfer taxes and duties payable for which it is responsible as provided above, the relevant holder shall be entitled to tender and pay the same and the Issuer as a separate and independent stipulation, covenants to reimburse and indemnify each Bondholder in respect of any payment thereof and any penalties payable in respect thereof.

Such Bondholder must also pay all, if any, taxes imposed on it and arising by reference to any disposal or deemed disposal of a Bond or interest therein in connection with the exercise of Conversion Rights by it.

(i) *Shares*

The person or persons specified for such purpose in the relevant Conversion Notice will become the holder of record of the number of Shares issuable upon conversion with effect from the date (the “**Registration Date**”) such person or persons is/are registered in the Issuer’s share register maintained with Euroclear. Registration in the share register maintained with Euroclear will occur following registration of such Shares with the Swedish Companies Registration Office. The Shares issued and registered upon conversion of the Bonds will be fully-paid, and will in all respects rank *pari passu* with the Shares in issue on the relevant Registration Date except that such Shares will not rank for any dividend or other distribution declared, paid or made by reference to a record date or other due date for establishment of entitlement prior to such Registration Date.

Prior to the Registration Date, such Shares will be registered in the Issuer’s share register on an interim basis in accordance with the Rules and will entitle holders to exercise voting rights.

If the record date or other due date for establishment of entitlement for the payment of any dividend or other distribution in respect of the Shares to be issued on conversion of the Bonds is on or after the Conversion Date in respect of any Bond but before the Registration Date (other than and to the extent that it results in an adjustment (retroactive or otherwise) to the number of Shares to which a converting Bondholder is entitled under Condition 5(b)), the Issuing Agent on behalf of the Issuer will pay to the Bondholder who has exercised his Conversion Right in lieu of such dividend or distribution an amount (the “**Equivalent Amount**”) equal to any such dividend or other distribution to which such Bondholder would have been entitled had he on that record date or other due date for establishment of entitlement been such a shareholder of record of such Shares on that date and will make the relevant payment to the relevant Bondholder at the same time that it makes payment of the dividend or other distribution. The Equivalent Amount shall be paid in Swedish Kronor in accordance with instructions given by the relevant Bondholder in the relevant Conversion Notice.

Save as provided in Condition 5(j), no payment or adjustment shall be made on exercise of Conversion Rights for any interest which otherwise would have accrued on the relevant Bonds since the last Interest Payment Date preceding the Conversion Date relating to such Bonds (or, if such Conversion Date falls before the first Interest Payment Date, since the Closing Date).

(j) *Interest on Conversion*

If any notice requiring the redemption of the Bonds is given pursuant to Condition 6(b) on or after the fifteenth Stockholm business day prior to a record date which has occurred since the last Interest Payment Date (or in the case of the first Interest Period, since the Closing Date) in respect of any Dividend or distribution payable in respect of the Shares where such notice specifies a date for redemption falling on or prior to the date which is 14 calendar days after the Interest Payment Date next following such record date, interest shall accrue at the rate provided in Condition 4(a) on Bonds in respect of which Conversion Rights shall have been exercised and in respect of which the Conversion Date and/or the Registration Date falls after such record date and the Conversion Date falls on or prior to the Interest Payment Date next following such record date in respect of such Dividend or distribution, in each case from and including the preceding Interest Payment Date (or, if such Conversion Date falls before the first Interest Payment Date, from the Closing Date) to but excluding such Conversion Date. The Issuer shall pay any such interest by not later than 14 calendar days after the relevant Conversion Date by transfer in accordance with the Rules and instructions given by the relevant Bondholder in the relevant Conversion Notice.

(k) *Purchase or Redemption of Shares*

The Issuer or any Subsidiary of the Issuer may exercise such rights as it may from time to time enjoy to purchase or redeem or buy back any Shares or any depositary or other receipts or certificates representing the same without the consent of the Bondholders.

(l) *Consolidation, Amalgamation or Merger*

In the case of any consolidation, amalgamation or merger of the Issuer with any other corporation (other than a consolidation, amalgamation or merger in which the Issuer is the continuing corporation), the Issuer will forthwith give notice thereof to the Bondholders in accordance with Condition 14 of such event and take such steps to ensure that each Bond then outstanding will (during the period in which Conversion Rights may be exercised) be convertible into the class and amount of shares and other securities and property receivable upon such consolidation, amalgamation, merger, sale or transfer by a holder of the number of Shares which would have become liable to be issued upon exercise of Conversion Rights immediately prior to such consolidation, amalgamation, merger, sale or transfer. The above provisions of this Condition 5(l) will apply, *mutatis mutandis* to any subsequent consolidations, amalgamations, mergers, sales or transfers.

## 6 Redemption and Purchase

(a) *Final Redemption*

Unless previously purchased and cancelled, redeemed or converted as herein provided, the Bonds will be redeemed at their principal amount on the Final Maturity Date. The Bonds may only be redeemed at the option of the Issuer prior to the Final Maturity Date in accordance with Condition 6(b) or 6(c).

(b) *Redemption at the Option of the Issuer*

On giving not less than 45 nor more than 60 calendar days' notice (an "**Optional Redemption Notice**") to the Bondholders in accordance with Condition 14, the Issuer may redeem all but not some

only of the Bonds on the date (the “**Optional Redemption Date**”) specified in the Optional Redemption Notice at their principal amount, together with accrued but unpaid interest to such date:

- (A) at any time on or after 19 March 2017 (the “**First Call Date**”) if on each of not less than 20 dealing days in any period of 30 consecutive dealing days ending not more than seven calendar days prior to the giving of the relevant Optional Redemption Notice, the Volume Weighted Average Price of a Share exceeds 130 per cent. of the Conversion Price (as adjusted) in effect (or deemed to be in effect) on such dealing day; or
- (B) at any time if, prior to the date the relevant Optional Redemption Notice is given, Conversion Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 85 per cent. or more in principal amount of the Bonds originally issued.

(c) *Redemption for Taxation Reasons*

At any time the Issuer may, having given not less than 45 nor more than 60 calendar days’ notice (a “**Tax Redemption Notice**”) to the Bondholders, redeem (subject to the second following paragraph) all but not some only of the Bonds for the time being outstanding on the date (the “**Tax Redemption Date**”) specified in the Tax Redemption Notice at their principal amount, together with accrued but unpaid interest to such date, if (i) the Issuer has or will become obliged to pay additional amounts in respect of payments of interest on the Bonds pursuant to Condition 8 as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Sweden or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 4 March 2014, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 calendar days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall make available at its specified office (a) a certificate signed by two directors of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it and (b) an opinion of independent legal or tax advisers of recognised international standing to the effect that such change or amendment has occurred and that the Issuer has or will be obliged to pay such additional amounts as a result thereof (irrespective of whether such amendment or change is then effective).

On the Tax Redemption Date the Issuer shall (subject to the next following paragraph) redeem the Bonds at their principal amount, together with accrued interest to such date.

If the Issuer gives a Tax Redemption Notice, each Bondholder will have the right to elect that his Bonds shall not be redeemed and that the provisions of Condition 8 shall not apply in respect of any payment of interest to be made on such Bonds which falls due after the relevant Tax Redemption Date, whereupon no additional amounts shall be payable in respect thereof pursuant to Condition 8 and payment of all amounts of such interest on such Bonds shall be made subject to the deduction or withholding of any Swedish taxation required to be withheld or deducted. To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of the Issuer a duly completed and signed notice of election, in the form for the time being current, obtainable from the specified office of the Issuer on or before the calendar day falling 10 calendar days prior to the Tax Redemption Date.

(d) *Optional Redemption and Tax Redemption Notices*

Any Optional Redemption Notice or Tax Redemption Notice shall be irrevocable. Any such notice shall specify (i) the Optional Redemption Date or, as the case may be, the Tax Redemption Date which shall be a Stockholm business day, (ii) the Conversion Price, the aggregate principal amount of the Bonds outstanding and the closing price of the Shares as derived from the Relevant Stock Exchange, in each case as at the latest practicable date prior to the publication of the Optional Redemption Notice or, as the case may be, the Tax Redemption Notice and (iii) the last calendar day on which Conversion Rights may be exercised by Bondholders.

(e) *Redemption at the Option of Bondholders Upon a Change of Control*

Following the occurrence of a Change of Control, the holder of each Bond will have the right to require the Issuer to redeem that Bond on the relevant Change of Control Put Date at its principal amount, together with accrued and unpaid interest to such date. To exercise such right, the holder of the relevant Bond must deliver to the specified office of with the Issuer a duly completed and signed notice of exercise in the form for the time being current obtainable from the specified office of the Issuer (a “**Change of Control Put Exercise Notice**”), at any time during the Change of Control Period. The “**Change of Control Put Date**” shall be the fourteenth calendar day after the expiry of the Change of Control Period.

Payment in respect of any such Bond shall be made by transfer in accordance with the Rules and instructions specified by the relevant Bondholder in the relevant Change of Control Put Exercise Notice.

A Change of Control Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem all Bonds the subject of Change of Control Put Exercise Notices delivered as aforesaid on the Change of Control Put Date.

(f) *Purchase*

Subject to the requirements (if any) of any stock exchange on which the Bonds may be admitted to listing and trading at the relevant time and subject to compliance with applicable laws and regulations, the Issuer or any Subsidiary of the Issuer may at any time purchase any Bonds in the open market or otherwise at any price. Any Bonds purchased by a Subsidiary of the Issuer may be held, re-sold or re-issued or, at the option of the relevant purchaser, cancelled.

(g) *Cancellation*

All Bonds which are redeemed or in respect of which Conversion Rights are exercised will be cancelled and may not be reissued or resold. Bonds purchased by the Issuer shall be cancelled and may not be reissued or re-sold.

(h) *Multiple Notices*

If more than one notice of redemption is given pursuant to this Condition 6, the first of such notices to be given shall prevail.

## 7 **Payments**

(a) *Principal, interest and other amounts*

All payments in respect of the Bonds will be effected in accordance with these Conditions and the Rules.

(b) *Payments subject to fiscal laws*

All payments in respect of the Bonds are subject in all cases to any applicable fiscal or other laws and regulations but without prejudice to Condition 8.

(c) *Delay in payment*

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due as a result of the due date not being a business day in any place (including Stockholm).

(d) *Fractions*

When making payments to Bondholders, if the relevant payment is not of an amount which is a whole multiple of the smallest unit of the relevant currency in which such payment is to be made, such payment will be rounded down to the nearest unit.

## **8 Taxation**

All payments made by on or behalf of the Issuer in respect of the Bonds will be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Kingdom of Sweden or any political subdivision or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is required to be made by law.

In the event that any such withholding or deduction is required to be made, the Issuer will pay such additional amounts as will result in the receipt by the Bondholders of the amounts which would otherwise have been receivable had no such withholding or deduction been required, except that no such additional amount shall be payable in respect of interest on any Bond:

- (c) to a holder (or to a third party on behalf of a holder) who is subject to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having, or having had, some connection with the Kingdom of Sweden otherwise than merely by holding the Bond or by the receipt of amounts in respect of the Bond;
- (d) to a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by making a declaration of non-residence or other similar claim for exemption to any relevant tax authority; or
- (e) where such withholding or deduction is imposed on a payment to a holder and is required to be made pursuant to European Council Directive 2003/48/EC, including any amendments thereto, or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

References in these Conditions to principal and/or interest and/or any other amounts payable in respect of the Bonds shall be deemed also to refer to any additional amounts which may be payable under this Condition.

The provisions of this Condition 8 shall not apply in respect of any payments of interest which fall due after the relevant Tax Redemption Date in respect of any Bonds which are the subject of a Bondholder election pursuant to Condition 6(c).

## 9 Events of Default

If one or more of the following events (each an “**Event of Default**”) shall have occurred and is continuing:

- (a) *Non-payment*: there is a default for more than 14 days in the payment of any principal or any other amount (other than interest) due under the Bonds or in the delivery of Shares to be issued upon conversion or more than 21 days in the payment of any interest due and payable on or in respect of any of the Bonds; or
- (b) *Breach of other obligations*: the Issuer or the Guarantor shall fail duly to perform or observe any other term, undertaking or agreement contained in the Bonds for a period of 30 calendar days after the date on which written notice of such failure, requiring the Issuer, or the Guarantor, as the case may be, to remedy the same, shall first have been given to the Issuer or the Guarantor by the relevant Bondholder; or
- (c) *Cross-default*:
  - (i) any indebtedness for borrowed money of the Issuer or the Guarantor, either individually or in the aggregate, in excess of euro 50,000,000 or the equivalent thereof in any other currency shall have been declared prematurely payable following a default and payment thereof is validly demanded or steps are validly taken to enforce any security in respect thereof, or the Issuer or the Guarantor is in default for more than 30 calendar days in the payment or repayment of any such indebtedness or the maturity thereof is extended by any applicable grace period (which is not less than 30 calendar days); or
  - (ii) the Issuer or the Guarantor defaults in the performance of any guarantee for borrowed money, either individually or in the aggregate, in excess of euro 50,000,000 or the equivalent in any other currency and payment thereof is validly demanded in writing;provided, however, that the foregoing shall not apply to any such event so long as the liability of the Issuer or, as the case may be, the Guarantor in respect thereof is being contested by the Issuer or, as the case may be, the Guarantor in good faith and on reasonable grounds and by appropriate proceedings; or
- (d) *Guarantee*: the Guarantee is not (or is deemed by or on behalf of the Guarantor not to be) in full force and effect; or
- (e) *Merger*: the Guarantor’s board of directors files a merger plan with the Swedish Companies Registration Office (*Sw. Bolagsverket*) according to which the Guarantor shall be merged into another new or existing company provided that (i) an Extraordinary Resolution of the Bondholders approving the terms of the merger plan has not been passed, or (ii) the Guarantor is not the surviving entity in such merger;
- (f) *Insolvency*: the Issuer or the Guarantor becomes insolvent or stops payment generally or is unable to pay its debts generally as they fall due or makes an assignment for the benefit of creditors generally or admits in writing its inability to pay its debts generally as they fall due; or
- (g) *Winding up etc.*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or the Guarantor, or the Issuer or the Guarantor ceases or threatens to cease to carry on all or substantially all of its business except for the purpose of a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by an Extraordinary Resolution of the Bondholders; or
- (h) *Analogous event*: any event occurs which under the laws of Denmark or Norway has an analogous effect, to any of the events referred to in Condition 9(e) or 9(f) or 9(g), on the Guarantor;

then any Bond may, by written notice addressed by the holder thereof to the Issuer and the Guarantor and delivered to the Issuer and the Guarantor be declared immediately due and payable, whereupon it shall become immediately due and payable at its principal amount together with accrued interest (if any) without further action or formality.

## 10 Undertakings

Whilst any Conversion Right remains exercisable, the Issuer will, save with the approval of an Extraordinary Resolution and save for the issue of subordinated shares pursuant to Article 15 of the Issuer's Articles of Association (which permit the issue of subordinated shares if there is a direct threat to the Issuer's or its Subsidiaries' air traffic rights owing to the Issuer or its Subsidiaries violating or running the risk of violating provisions concerning ownership and control in bilateral civil aviation agreements or in laws or regulations concerning the conditions for air traffic within the European Economic Area):

- (a) other than in connection with a Newco Scheme, not issue or pay up any Securities, in either case by way of capitalisation of profits or reserves, other than:
  - (i) by the issue of fully paid Shares, or other Securities to Shareholders, and other holders of shares in the capital of the Issuer which by their terms entitle the holders thereof to receive Shares, or other shares or Securities on a capitalisation of profits or reserves; or
  - (ii) by the issue of Shares paid up in full (in accordance with applicable law) and issued wholly, ignoring fractional entitlements, in lieu of the whole or part of a Dividend in cash; or
  - (iii) by the issue of fully paid equity share capital (other than Shares) to the holders of equity share capital of the same class and other holders of shares in the capital of the Issuer which by their terms entitle the holders thereof to receive equity share capital (other than Shares); or
  - (iv) by the issue of Shares or any equity share capital to, or for the benefit of, any employee or former employee, director or executive holding or formerly holding executive office of the Issuer or any of its Subsidiaries or any associated company or to trustees or nominees to be held for the benefit of any such person, in any such case pursuant to an employee, director or executive share or option scheme whether for all employees, directors, or executives or any one or more of them,

unless, in any such case, the same constitutes a Dividend or otherwise gives rise (or would, but for the provisions of Condition 5(f) relating to roundings or the carry forward of adjustments, give rise) to an adjustment to the Conversion Price;

- (b) not modify the rights attaching to the Shares with respect to voting, dividends or liquidation nor issue any other class of equity share capital carrying any rights which are more favourable than the rights attaching to the Shares but so that nothing in this Condition 10(b) shall prevent:
  - (i) any consolidation, reclassification or subdivision of the Shares; or
  - (ii) any modification of such rights which is not, in the opinion of an Independent Adviser, materially prejudicial to the interests of the holders of the Bonds; or
  - (iii) any alteration to the articles of association of the Issuer made in connection with the matters described in this Condition 10 or which is supplemental to or incidental to any of the foregoing (including any amendment made to enable or facilitate procedures relating to such matters and any amendment dealing with the rights and obligations of holders of Securities, including Shares, dealt with under such procedures); or

- (iv) any issue of equity share capital where the issue of such equity share capital results, or would, but for the provisions of Condition 5(f) relating to roundings or the carry forward of adjustments or, where comprising Shares, the fact that the consideration per Share receivable therefor is at least 95 per cent. of the Current Market Price per Share on the relevant date, otherwise result, in an adjustment to the Conversion Price; or
  - (v) any issue of equity share capital or modification of rights attaching to the Shares, where prior thereto the Issuer shall have instructed an Independent Adviser to determine what (if any) adjustments should be made to the Conversion Price as being fair and reasonable to take account thereof and such Independent Adviser shall have determined either that no adjustment is required or that an adjustment resulting in a decrease in the Conversion Price is required and, if so, the new Conversion Price as a result thereof and the basis upon which such adjustment is to be made and, in any such case, the date on which the adjustment shall take effect (and so that the adjustment shall be made and shall take effect accordingly);
- (c) procure that no Securities (whether issued by the Issuer or any Subsidiary of the Issuer or procured by the Issuer or any Subsidiary of the Issuer to be issued or issued by any other person pursuant to any arrangement with the Issuer or any Subsidiary of the Issuer) issued without rights to convert into, or exchange or subscribe for, Shares shall subsequently be granted such rights exercisable at a consideration per Share which is less than 95 per cent. of the Current Market Price per Share at the close of business on the last dealing day preceding the date of the first public announcement of the proposed inclusion of such rights unless the same gives rise (or would, but for the provisions of Condition 5(f) relating to roundings or the carry forward of adjustments, give rise) to an adjustment to the Conversion Price;
- (d) not make any issue, grant or distribution or take or omit to take any other action if the effect thereof would be that, on the exercise of Conversion Rights, Shares could not, under any applicable law then in effect, be legally issued as fully paid;
- (e) not reduce its issued share capital or any statutory reserve except:
- (i) pursuant to the terms of issue of the relevant share capital; or
  - (ii) by means of a purchase or redemption of share capital of the Issuer (excluding any redemption of preference shares or subordinated shares as set out in the Issuer's Articles of Association and in accordance with their terms) to the extent, in any such case, permitted by applicable law; or
  - (iii) as permitted by the Swedish Companies Act, Chapter 20, Section 35, sub-sections 1 and 2;
  - (iv) where the reduction does not involve any distribution of assets; or
  - (v) to create distributable reserves prior to such creation of distributable reserves occurring; or
  - (vi) pursuant to a Newco Scheme; or
  - (vii) by way of transfer to reserves as permitted under applicable law; or
  - (viii) where the reduction is permitted by applicable law and results in (or would, but for the provisions of Condition 5(f) relating to roundings or the carry forward of adjustments, result in) an adjustment to the Conversion Price or is otherwise taken into account for the purposes of determining whether such an adjustment should be made,

provided that, without prejudice to the other provisions of these Conditions, the Issuer may exercise such rights as it may from time to time be entitled pursuant to applicable law or the Issuer's Articles of

Association, to purchase, redeem or buy back its Shares and any depositary or other receipts or certificates representing Shares without the consent of Bondholders;

- (f) if any offer is made to all (or as nearly as may be practicable all) Shareholders (or all (or as nearly as may be practicable all) such Shareholders other than the offeror and/or any associates of the offeror) to acquire all or a majority of the issued Shares, or if a scheme is proposed with regard to such acquisition (other than a Newco Scheme), give notice of such offer or scheme to the Bondholders at the same time as any notice thereof is sent to the Shareholders (or as soon as practicable thereafter) with details concerning such offer or scheme and, where such an offer or scheme has been recommended by the board of directors of the Issuer, or where such an offer has become or been declared unconditional in all respects or such scheme has become effective, use all reasonable endeavours to procure that a like offer or scheme is extended to the holders of any Shares issued during the period of the offer or scheme arising out of the exercise of the Conversion Rights by the Bondholders and/or to the holders of the Bonds;
- (g) in the event of a Newco Scheme, take (or shall procure that there is taken) all necessary action to ensure that immediately after completion of the Scheme of Arrangement at its option, either (a) Newco is substituted under the Bonds as principal obligor in place of the Issuer (with the Issuer providing a guarantee); or (b) Newco becomes a guarantor under the Bonds and, in either case, that (i) such amendments are made to these Conditions as are necessary to ensure that the Bonds may be converted into or exchanged for ordinary shares or units or the equivalent in Newco (or depositary or other receipts or certificates representing ordinary shares of Newco) *mutatis mutandis* in accordance with and subject to these Conditions and (ii) the ordinary shares or units or the equivalent of Newco are:
  - (A) admitted to the Relevant Stock Exchange; or
  - (B) admitted to listing on another regulated, regularly operating, recognised stock exchange or securities market.
- (h) use all reasonable endeavours to ensure that the Shares issued upon exercise of Conversion Rights will, as soon as is practicable, be admitted to listing and to trading on the Relevant Stock Exchange and will be listed, quoted or accepted for dealing, as soon as is practicable, on any other stock exchange or securities market on which the Shares may then be listed or quoted or accepted for dealing;
- (i) for so long as any Bond remains outstanding, use all reasonable endeavours to ensure that its issued and outstanding Shares shall be admitted to listing on the Relevant Stock Exchange. For the avoidance of doubt, a delisting of the Shares pursuant to a Change of Control shall not be construed as a breach of any undertaking in this Condition 9(i);
- (j) ensure that all necessary steps are taken for the issue and delivery of Shares upon conversion as soon as practicable following the relevant Conversion Date and that no later than on the fifth Stockholm business day immediately following conversion into Shares the Issuer will register or procure that there is registered in the Issuer's share register through registration in the share accounts maintained with Euroclear the person or persons designated for the purpose in the relevant Conversion Notice as the holder or holders of the relevant number of Shares and pending such registration with the Swedish Companies Registration Office this will procure that such Shares are registered on an interim basis in the Issuer's share register through registration in the share accounts maintained with Euroclear as soon as practicable following the relevant Conversion Date;
- (k) not make any issue or amend the Articles of Association (or other relevant constitutive documents) of the Issuer or take any other action if the effect of so doing would be that the Conversion Rights in respect of all Bonds outstanding from time to time could no longer be satisfied in full;

- (l) at all times keep available for issue, free from pre-emptive rights out of its authorised but unissued capital, sufficient authorised but unissued Shares to enable the exercise of a Conversion Rights, and all rights of subscription and exchange for Shares, to be satisfied in full; and
- (m) use all reasonable endeavours to obtain by not later than 90 days after the Closing Date and thereafter maintain the listing of the Bonds on an internationally recognised, regularly operating, regulated or non-regulated, exchange as determined by the Issuer. The Issuer will forthwith give notice to the Bondholders in accordance with Condition 14 of the listing or delisting of the Bonds by any of such exchanges or securities markets.

## 11 Meetings of Bondholders

The Issuer, or Bondholders holding not less than 10 per cent. in principal amount of outstanding Bonds for the time being, may convene a meeting of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions to be agreed upon with the Issuer and/or the Guarantor. The quorum for any meeting convened to consider an Extraordinary Resolution will be one or more persons holding or representing a clear majority in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting one or more persons being or representing Bondholders whatever the principal amount of the Bonds so held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to change the Final Maturity Date, the First Call Date (other than deferring the First Call Date) or the dates on which interest is payable in respect of the Bonds, (ii) to modify the circumstances in which the Issuer or Bondholders are entitled to redeem the Bonds pursuant to Condition 6(b), (c) or (e), (iii) to reduce or cancel the principal amount of, or interest on, the Bonds or to reduce the amount payable on redemption of the Bonds, (iv) to modify the basis for calculating the interest payable in respect of the Bonds, (v) to modify the provisions relating to, or cancel, the Conversion Rights (other than pursuant to or as a result of any amendments to these Conditions made pursuant to and in accordance with the provisions of Condition 10(g) (“**Newco Scheme Modification**”), and other than a reduction to the Conversion Price), (vi) to increase the Conversion Price (other than in accordance with these Conditions or pursuant to a Newco Scheme Modification), (vii) to change the currency of the denomination or any payment in respect of the Bonds, (viii) to modify or cancel the Guarantee, (ix) to change the governing law of the Bonds, or (x) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be one or more persons holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, in principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed). For the avoidance of doubt, no such Extraordinary Resolution shall *per se* bind the Issuer, the Guarantor or the shareholders of the Issuer without the agreement of such relevant party.

A resolution in writing signed by or on behalf of the holders of not less than 75 per cent. of the aggregate principal amount of Bonds outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

No consent or approval of Bondholders shall be required in connection with any Newco Scheme Modification.

## **12 Register of Bondholders**

Information in respect of a Bondholder is strictly confidential. However, the Issuer is entitled access to information contained in the register of Bondholders (Sw. *skuldbok*) maintained by Euroclear.

## **13 Prescription**

Claims against the Issuer for payment in respect of the Bonds shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of such payment.

Claims in respect of any other amounts payable in respect of the Bonds shall be prescribed and become void unless made within 10 years following the due date for payment thereof

## **14 Notices**

All notices regarding the Bonds will be valid if published through the electronic communication system of Bloomberg. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once on the date of the first such publication.

## **15 Role of Issuing Agent and Limitation of Liability**

The Issuing Agent shall act independently of the Issuer and the Bondholders in accordance with these Conditions and in accordance with rules, regulations and generally accepted practices of the Swedish securities market, including, *inter alia*, the Rules.

The Issuing Agent shall not be liable for loss or damage arising due to a Swedish or foreign legal decree, Swedish or foreign action by public authority, war, strike, blockade, boycott and lockout or any similar circumstances. This shall apply even if the Issuing Agent itself undertakes, or is subject to, such actions.

The Issuing Agent shall not be obliged to indemnify any person for any loss or damage that is incurred, provided that the Issuing Agent shall have acted with normal care. The Issuing Agent shall under no circumstances be liable for indirect damages or loss.

Should the Issuing Agent be prevented from making payment or taking other action due to circumstances described in paragraph 2 of this Condition 15, such payment or action may be deferred until the relevant circumstance has ceased.

The above limitations shall be without prejudice to the obligations of the Issuer under the Bonds.

## **16 Replacement of Issuing Agent**

The Issuing Agent may resign its appointment at any time, provide that no resignation by the Issuing Agent shall take effect until a new Issuing Agent has been appointed by the Issuer. The appointment of the Issuing Agent shall forthwith terminate if the Issuing Agent is subject to bankruptcy or financial reconstruction according to law or regulations from a supervising authority or if an Extraordinary Resolution is passed to replace the Issuing Agent, and, in such circumstances the Issuer shall immediately appoint a new issuing agent.

## 17 Language Versions

These Conditions have been drafted and executed in English and translated into Swedish only for the purpose of filing a registration application with the Swedish Companies Registration Office. In case of any discrepancies between the two language versions, the English version shall prevail.

## 18 Governing Law and Jurisdiction

### (a) *Governing Law*

The Bonds and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, Swedish law.

### (b) *Jurisdiction*

The Stockholm District Court is to have jurisdiction to settle any disputes which may arise out of or in connection with the Bonds and accordingly any legal action or proceedings arising out of or in connection with the Bonds (“**Proceedings**”) may be brought in such court. Each of the Issuer and the Guarantor has irrevocably submitted to the jurisdiction of such courts and has waived any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of each of the Bondholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).