

TERMS AND CONDITIONS OF THE BONDS

The following, subject to completion and amendment, and save for the paragraphs in italics, is the text of the Terms and Conditions of the Bonds.

The issue of the €50,000,000 1.875 per cent. Convertible Bonds due 2017 (the “**Bonds**”, which expression shall, unless otherwise indicated, include any Further Bonds) was (save in respect of any Further Bonds) authorised by resolutions of the board of directors of AB Industrivärden (the “**Issuer**”) passed on 11 January 2011. The Bonds are constituted by a trust deed dated 27 January 2011 (the “**Trust Deed**”) between the Issuer and BNY Corporate Trustee Services Limited (the “**Trustee**”, which expression shall include all persons for the time being appointed as the trustee or trustees under the Trust Deed) as trustee for the holders (as defined below) of the Bonds. The statements set out in these Terms and Conditions (the “**Conditions**”) are summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds. The Bondholders (as defined below) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and those provisions applicable to them which are contained in the Paying, Transfer and Conversion Agency Agreement dated 27 January 2011 (the “**Agency Agreement**”) relating to the Bonds between the Issuer, the Trustee and The Bank of New York Mellon (the “**Principal Paying, Transfer and Conversion Agent**”, which expression shall include any successor as Principal Paying, Transfer and Conversion Agent under the Agency Agreement), the Paying, Transfer and Conversion Agents for the time being (such persons, together with the Principal Paying, Transfer and Conversion Agent, being referred to below as the “**Paying, Transfer and Conversion Agents**”, which expression shall include their successors as Paying, Transfer and Conversion Agents under the Agency Agreement) and The Bank of New York Mellon Luxembourg S.A. in its capacity as registrar (the “**Registrar**”, which expression shall include any successor as registrar under the Agency Agreement).

The issue and delivery of C Shares on the exercise of Conversion Rights is subject to the Issuer having given notice to Bondholders and the Trustee of the satisfaction of the Conversion Condition, as described in these Conditions.

Copies of the Trust Deed and the Agency Agreement are available for inspection at the office of the Trustee at One Canada Square, London E14 5AL, and at the specified offices of the Paying, Transfer and Conversion Agents and the Registrar.

Capitalised terms used but not defined in these Conditions shall have the meanings attributed to them in the Trust Deed unless the context otherwise requires or unless otherwise stated.

1 **Form, Denomination, Title and Status**

(a) *Form and Denomination*

The Bonds are in registered form in principal amounts of €50,000 each.

(b) *Title*

Title to the Bonds will pass by transfer and registration as described in Condition 4. The holder (as defined below) of any Bond will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or its theft or loss (or that of the related certificate, as applicable) or anything written on it or the certificate representing it (other than a duly executed transfer thereof) and no person will be liable for so treating the holder.

(c) *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 but, in the event of a winding up, save for such obligations that may be preferred by provisions of law that are mandatory and of general application.

2 Negative Pledge

So long as any of the Bonds remain outstanding (as defined in the Trust Deed) the Issuer will not, and will procure that no Principal Subsidiary of the Issuer will, create or permit to subsist any mortgage, lien, pledge or other charge, encumbrance or security interest (“**Relevant Security**”), other than any Permitted Security, upon, or with respect to, the whole or any part of any of its present or future assets or revenues to secure any existing or future Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, unless, simultaneously with, or prior to, the creation of such Relevant Security, all amounts payable by the Issuer under the Bonds and the Trust Deed (i) are secured equally and rateably by such Relevant Security to the satisfaction of the Trustee or (ii) are secured by such other security, guarantee, indemnity or other arrangement as the Trustee shall in its absolute discretion deem not materially less beneficial to the Bondholders or as shall be approved by an Extraordinary Resolution of the Bondholders.

In this Condition 2:

“**Permitted Security**” means:

- (i) any Relevant Security in respect of any Relevant Indebtedness (“**Existing Relevant Indebtedness**”), or in respect of any guarantee of or indemnity in respect of any Existing Relevant Indebtedness, given by any Principal Subsidiary where the relevant company becomes a Subsidiary after the Closing Date and where such Relevant Security exists at the time such company becomes a Subsidiary (provided that (1) such Relevant Security was not created in contemplation of that company becoming a Subsidiary and (2) the principal amount secured at the time of that company becoming a Subsidiary is not subsequently increased); and
- (ii) any Relevant Security in respect of any Relevant Indebtedness or in respect of any guarantee of or indemnity in respect of any Relevant Indebtedness where such Relevant Indebtedness is incurred solely for the purposes of refinancing any Existing Relevant Indebtedness provided that (1) the principal amount of such Relevant Indebtedness shall not be greater than the principal amount of the Existing Relevant Indebtedness that is refinanced; (2) the Relevant Security does not extend to any assets or revenues which were not subject to the Existing Relevant Indebtedness; and (3) such Relevant Indebtedness and/or guarantee or indemnity is issued, incurred or given by the same person as in respect of the Existing Relevant Indebtedness.

“**Relevant Indebtedness**” means any present or future indebtedness (whether being principal, interest or other amounts), in the form of or evidenced by notes, bonds, debentures, loan stock or other similar debt instruments, whether issued for cash or in whole or in part for a consideration other than cash, and which are, or are capable of being, quoted, listed or ordinarily dealt in or traded on any stock exchange, over-the-counter or other securities market.

3 Definitions

In these Conditions, unless otherwise provided:

“**Additional Cash Alternative Amount**” has the meaning provided in Condition 6(m).

“**Adjusted Total Shares**” means the sum of:

- (x) (i) for the purposes of Condition 6(b)(iii)(A) and 6(b)(iv)(B), the number of C Shares in issue on the relevant Effective Date; (ii) for the purposes of Condition 6(b)(vi), the number of C Shares in issue immediately before the issue of the relevant A Shares or C Shares or the grant of the relevant options, warrants or rights; (iii) for the purposes of Condition 6(b)(vii), the number of C Shares in issue immediately before the relevant issue or grant; and (iv) for the purposes of Condition 6(b)(viii), the number of C Shares in issue immediately before the relevant modification; and
- (y) the Rebased A Shares.

“**A Shareholders**” means the holders of A Shares.

“**A Shares**” means fully paid class A shares in the capital of the Issuer currently with a par value (Sw. *Kvotvärde*) of SEK 2.50 each. Each A Share confers on the holder one vote at general meetings of the Issuer.

“**Auditors**” means the auditors for the time being of the Issuer or, if they are unable or unwilling to carry out any action requested of them under the Trust Deed or the Bonds, such other firm of accountants as may be nominated by the Issuer and approved in writing by the Trustee for the purpose, or failing such nomination, as selected by the Trustee, subject to its having been indemnified and/or secured and/or prefunded to its satisfaction.

“**Bondholder**” and “**holder**” mean the person in whose name a Bond is registered in the Register (as defined in Condition 4(a)).

“**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.

“**Capital Distribution**” has the meaning provided in Condition 6(b)(iii)(A).

“**Cash Alternative Amount**” means an amount calculated in accordance with the following formula and which shall be payable to a Bondholder upon an exercise of a Conversion Right where the relevant Conversion Date falls prior to the Issuer having given notice to Bondholders that the Conversion Condition shall have been satisfied or where a Cash Alternative Election is applicable to such exercise:

$$CAA = \sum_{n=1}^N \frac{1}{N} \times S \times P_n$$

where:

CAA = the Cash Alternative Amount;

S = the number of C Shares (including, for this purpose, any fraction of a C Share but rounded, if necessary, to five decimal places, with 0.000005 being rounded up) determined by dividing the principal amount of Bonds in respect of which the relevant Bondholder shall have exercised Conversion Rights (translated into Swedish Kronor at the Fixed Rate of Exchange) by the Conversion Price in effect on the relevant Conversion Date;

P_n = the Volume Weighted Average Price of a C Share on the nth dealing day of the Cash Alternative Calculation Period, translated into euros at the Prevailing Rate on such dealing day; and

N = 30, being the number of dealing days in the Cash Alternative Calculation Period,

provided that if any Dividend or other entitlement in respect of the C Shares is announced in circumstances where the record date or other due date for the establishment of entitlement in respect of such Dividend or other entitlement shall be on or after the relevant Conversion Date and if on any dealing day in the Cash Alternative Calculation Period the price determined as provided above is based on a price ex-Dividend or ex-any other entitlement, then such price shall be increased by an amount equal to the Fair Market Value of any such Dividend or other entitlement per C Share as at the date of the first public announcement of such Dividend or entitlement (or, if that is not a dealing day, the immediately preceding dealing day).

“**Cash Alternative Calculation Period**” means the period of 30 consecutive dealing days commencing (i) for the purposes of Condition 6(m)(i), on the relevant Conversion Date and (ii) for the purposes of Condition 6(m)(ii), on the second dealing day immediately following the relevant Cash Alternative Election Date.

“**Cash Alternative Election**” has the meaning provided in Condition 6(m)(ii).

“**Cash Alternative Election Date**” has the meaning provided in Condition 6(m)(ii).

“**Cash Alternative Election Notice**” has the meaning provided in Condition 6(m)(ii).

“**Cash Dividend**” has the meaning provided in Condition 6(b)(iii)(B).

“**Closing Date**” means 27 January 2011.

“**Control**” means in relation to any entity 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 and “**controlled**” shall be construed accordingly.

“**Conversion Amount**” has the meaning provided in Condition 7(i).

“**Conversion Condition**” has the meaning provided in Condition 7(b)(ii).

“**Conversion Date**” has the meaning provided in Condition 6(h).

“**Conversion Notice**” has the meaning provided in Condition 6(h).

“**Conversion Period**” has the meaning provided in Condition 6(a).

“**Conversion Price**” has the meaning provided in Condition 6(a).

“**Conversion Right**” has the meaning provided in Condition 6(a).

“**C Shareholders**” means the holders of C Shares.

“**C Shares**” means fully paid class C shares in the capital of the Issuer currently with a par value of SEK 2.50 each. Each C Share confers on the holder one-tenth of a vote at general meetings of the Issuer.

“**Current Market Price**” means, in respect of a C Share or an A Share at a particular date, the average of the daily Volume Weighted Average Price of a C Share or, as the case may be, an A Share on each of the five consecutive dealing days ending on the dealing day immediately preceding such date; provided that if at any time during the said five-dealing-day period the Volume Weighted Average Price shall have been based on a price ex-Dividend (or ex- any other entitlement) and during some other part of that period the Volume Weighted Average Price shall have been based on a price cum-Dividend (or cum- any other entitlement), then:

- (a) if the C Shares or, as the case may be, A Shares to be issued or transferred and delivered do not rank for the Dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the C Shares or, as the case may be, A Shares shall have been based on a price cum-Dividend (or cum- any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per C Share or, as the case may be, A Share as at the date of the first public announcement of such

Dividend (or entitlement), in any such case, 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; or

- (b) if the C Shares or, as the case may be, A Shares to be issued or transferred and delivered do rank for the Dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the C Shares or, as the case may be, A Shares shall have been based on a price ex-Dividend (or ex- any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof increased by an amount equal to the Fair Market Value of any such Dividend or entitlement per C Share or, as the case may be, A Share as at the date of the first public announcement of such Dividend (or entitlement), in any such case, 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,

and provided further that if on each of the said five dealing days the Volume Weighted Average Price shall have been based on a price cum-Dividend (or cum- any other entitlement) in respect of a Dividend (or other entitlement) which has been declared or announced but the C Shares or, as the case may be, A Shares to be issued or transferred and delivered do not rank for that Dividend (or other entitlement) the Volume Weighted Average Price on each of such dates shall for the purposes of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per C Share or, as the case may be, A Share as at the date of the first public announcement of such Dividend or entitlement, in any such case, 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,

and provided further that, if the Volume Weighted Average Price of a C Share or, as the case may be, 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 Financial Adviser.

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

a “**De-listing Event**” shall occur if at any time:

- (i) the C Shares are not listed and admitted to trading on one or more of NASDAQ OMX Stockholm Stock Exchange, the London Stock Exchange or the New York Stock Exchange; or
- (ii) trading of the C Shares on NASDAQ OMX Stockholm, the London Stock Exchange or the New York Stock Exchange is suspended for a period of 15 consecutive dealing days.

“**De-listing Event Period**” means the period commencing on the date on which a De-listing Event occurs and ending 60 calendar days following such date or, if later, 60 days following the date on which a De-listing Event Notice is given as required by Condition 6(g) or, in any such case, if that is not a dealing day, the next following dealing day.

“**Dividend**” means any dividend or distribution to holders of C Shares (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 C Shares or A Shares or other Securities credited as fully or partly paid up by way of capitalisation of profits or reserves), provided that:

- (a) where (1) a Dividend in cash is announced which is to be, or may at the election of a holder or holders of C Shares be, satisfied by the issue or delivery of A Shares or C 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 holder or holders of C Shares 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 A Shares or C Shares or, as the case may be, the Fair Market Value of such other property or assets, in any such case as at the Effective Date in respect of the relevant Dividend or, as the case may be, the record date or other due date for establishment of entitlement in respect of the relevant capitalisation or, if later, the date on which the number of A Shares or C 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 A Shares or C 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 A Shares or C Shares as at the first date on which the C Shares are traded ex- the relevant capitalisation on the Relevant Stock Exchange or, if later, the date on which the number of A Shares or C Shares to be issued or transferred and delivered is determined;
- (b) any issue of A Shares or C Shares falling within Condition 6(b)(ii) shall be disregarded;
- (c) a purchase or redemption or buy back of share capital (whether A Shares or C Shares) 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 A Shares or C Shares by or on behalf of the Issuer or any of its Subsidiaries, the weighted average price per A Share or C Share, as the case may be, (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 closing prices of the A Shares or C Shares, as the case may be, on the Relevant Stock Exchange (as published by or derived from the Relevant Stock Exchange) on the five dealing days immediately preceding the Specified Share Day or, where an announcement has been made of the intention to purchase, redeem or buy back A Shares or C 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 A Share or C Share, a minimum price per A Share or C 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 A Shares or C 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 closing price of the A Shares or C Shares, as the case may be, determined as aforesaid and (ii) the number of A Shares or C Shares, as the case may be, 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 A Shares or C 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 Financial Adviser.

“**equity share capital**” means, in relation to any entity, its issued share capital excluding any part of that capital which, neither as respects dividends nor as respects capital, carries any right to participate beyond a specific amount in a distribution.

“**Equivalent Amount**” has the meaning provided in Condition 6(i).

“**Euroclear**” means the Swedish Central Securities Depository and Clearing System (Euroclear Sweden AB).

“**Exempt Newco Scheme**” means a Newco Scheme where, immediately after completion of the relevant Scheme of Arrangement or Newco Offer, as the case may be, the ordinary shares 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 Dividend**” has the meaning provided in Condition 6(b)(iii)(B).

“**Extraordinary Resolution**” has the meaning provided in the Trust Deed.

“**Fair Market Value**” means, with respect to any property on any date, the fair market value of that property as determined by an Independent Financial Adviser provided that (i) the Fair Market Value of a Cash Dividend shall be the amount of such Cash Dividend; (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 in a market of adequate liquidity (as determined by an Independent Financial 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 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 (as aforesaid), the Fair Market Value of such Securities, Spin-Off Securities, options, warrants or other rights shall be determined by an Independent Financial 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 C Share or A Share, the dividend yield of a C Share or an 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 27 February 2017.

“**First Call Date**” has the meaning provided in Condition 7(b)(i)(A).

“**Fixed Rate of Exchange**” means €1.00 = SEK 8.8803.

“**Further Bonds**” means any further Bonds issued pursuant to Condition 18 and consolidated and forming a single series with the then outstanding Bonds.

“**indebtedness for or in respect of moneys borrowed or raised**” 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 Financial Adviser**” means an independent financial institution of international repute appointed at its own expense by the Issuer and approved in writing by the Trustee or, if the Issuer fails to make such appointment and such failure continues for a reasonable period (as determined by the Trustee in its sole discretion) and the Trustee is indemnified and/or secured and/or prefunded to its satisfaction against the costs, fees and expenses of such adviser and otherwise in connection with such appointment, appointed by the Trustee following notification to the Issuer.

“**Interest Payment Date**” has the meaning provided in Condition 5(a).

“**Issuer Conversion C Shares**” has the meaning provided in Condition 7(i)(ii).

“**Issuer Conversion Notice**” has the meaning provided in Condition 7(i)(i).

“**Issuer Conversion Period**” has the meaning provided in Condition 7(i)(ii).

“**Market Price**” means the Volume Weighted Average Price of a C Share on the relevant Reference Date (translated into euros at the Prevailing Rate on such Reference Date), provided that if any Dividend or other entitlement in respect of the C Shares is announced in circumstances where the record date or other due date for the establishment of entitlement in respect of such dividend or other entitlement shall be on or after the Conversion Date and if, on the relevant Reference Date, the Volume Weighted Average Price of a C Share is based on a price ex-Dividend or ex-any other entitlement, then such price shall be increased by an amount equal to the Fair Market Value of such dividend or entitlement per C Share as at the date of first public announcement of such Dividend or entitlement (or if that is not a dealing day, the immediately preceding dealing day).

“**Net Sale Proceeds**” has the meaning provided in Condition 7(i).

“**Newco Scheme**” means (A) 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 of Newco or depositary or other receipts or certificates representing ordinary shares are issued to Existing Shareholders; (ii) immediately after completion of the Scheme of Arrangement the only shareholders of Newco or, as the case may be, the only holders of depositary or other receipts or certificates representing ordinary shares of Newco are Existing Shareholders and the Voting Rights in respect of Newco are held by Existing Shareholders in the same proportion as their respective holdings of such Voting Rights immediately prior to the Scheme or 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; or (B) a public offer in respect of the A Shares, C Shares and the Bonds for the purposes of effecting the interposition of Newco between the Shareholders of the Issuer and the Issuer (“**Newco Offer**”) provided that (i) pursuant to the Newco Offer an offer is made to the Bondholders to exchange their Bonds for bonds issued by Newco and convertible into ordinary shares of Newco and otherwise in all material respects on the same terms and conditions as the Bonds; (ii) the Newco Offer is not declared unconditional unless Newco has become the owner of more than 90 per cent. of all

shares issued by the Issuer (on a fully diluted basis); (iii) immediately after completion of the Newco Offer the only shareholders of Newco or, as the case may be, the only holders of depositary or other receipts or certificates representing ordinary shares of Newco are Existing Shareholders; (iv) all Subsidiaries of the Issuer immediately prior to the announcement of the Newco Offer are Subsidiaries of the Issuer immediately after completion of the Newco Offer; and (v) immediately after completion of the Newco Offer the Issuer 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 announcement of the Newco Offer.

“**Newco Scheme Modification**” has the meaning provided in Condition 14(a).

“**Non-Cash Dividend**” has the meaning provided in Condition 6(b)(iii).

“**Notice Cut-Off Date**” has the meaning provided in Condition 7(i)(ii).

“**Notice of Revocation**” has the meaning provided in Condition 6(m)(ii).

“**Optional Redemption Date**” has the meaning provided in Condition 7(b)(i).

“**Optional Redemption Notice**” has the meaning provided in Condition 7(b)(i).

“**Parity Value**” means, in respect of any dealing day, the amount calculated as follows:

$$PV = N \times VWAP$$

where

PV = the Parity Value

N = the number of C Shares that would fall to be issued or delivered on the exercise of Conversion Rights in respect of a Bond in the principal amount of €50,000, assuming the Conversion Date to be such dealing day

VWAP = the Volume Weighted Average Price of a C Share on such dealing day (provided that if on any such dealing day the C Shares shall have been quoted cum-Dividend or cum-any other entitlement, the Volume Weighted Average Price of a C Share on such dealing day shall be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per C Share as at the date of first public announcement of such Dividend or entitlement (or, if that is not a dealing day, the immediately preceding dealing day)) translated, if not in euros, into euros at the Prevailing Rate on such dealing day.

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 (London 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 (London time) on the immediately preceding day on which such rate can be so determined.

“**Principal Subsidiary**” means at any relevant time a Subsidiary of the Issuer:

- (i) whose total assets or gross revenues (or, where the Subsidiary in question prepares consolidated accounts, whose total consolidated assets or gross consolidated revenues, as the case may be) attributable to the Issuer represent not less than 5 per cent. of the total consolidated assets or the gross consolidated revenues of the Issuer, all as calculated by reference to the then latest audited accounts (or consolidated accounts as the case may be) of such Subsidiary and the then latest audited consolidated accounts of the Issuer, provided that:

- (a) in the case of a Subsidiary acquired or an entity which becomes a Subsidiary after the end of the financial period to which the then latest audited consolidated accounts of the Issuer relate, the reference to the then latest audited consolidated accounts of the Issuer for the purposes of the above calculation shall, until the consolidated audited accounts of the Issuer are published for the financial period in which the acquisition is made or, as the case may be, in which such entity becomes a Subsidiary, be deemed to be a reference to the then latest audited consolidated accounts of the Issuer adjusted in such manner as may be appropriate to consolidate the latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary in such accounts;
 - (b) if, in the case of any Subsidiary, no audited accounts are prepared, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be determined by reference to its unaudited accounts (if any) or on the basis of pro forma accounts;
 - (c) if, in the case of any Subsidiary which itself has Subsidiaries, no consolidated accounts are prepared, the total assets or, as the case may be, gross revenues shall be determined on the basis of pro forma consolidated accounts of the relevant Subsidiary;
 - (d) if the accounts of any Subsidiary (not being a Subsidiary referred to in (a) above) are not consolidated with those of the Issuer, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts of the Issuer;
 - (e) if the latest accounts of any Subsidiary of the Issuer are not prepared on the basis of the same accounting principles, policies and practices of the latest consolidated audited accounts of the Issuer, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on pro forma accounts or, as the case may be, consolidated accounts of such Subsidiary prepared on the same accounting principles, policies and practices as adopted in the latest consolidated audited accounts of the Issuer, or an appropriate restatement or adjustment to the relevant accounts of such Subsidiary as the Auditors shall consider appropriate; and
 - (f) if the relevant accounts of any Subsidiary are for a period that is different from the relevant consolidated accounts of the Issuer, then the determination of whether or not any Subsidiary is a Principal Subsidiary shall be based on such adjustment or pro forma accounts as the Auditors shall consider appropriate; or
- (ii) to which is transferred all or substantially all the assets and undertaking of a Subsidiary of the Issuer which immediately prior to such transfer is a Principal Subsidiary, provided that the transferor Subsidiary shall upon transfer forthwith cease to be a Principal Subsidiary and the transferee Subsidiary shall immediately become a Principal Subsidiary and provided that the transferee Subsidiary shall cease to be a Principal Subsidiary pursuant to this sub-paragraph (ii) on the date on which the consolidated financial statements of the Issuer for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such consolidated financial statements have been prepared and audited as aforesaid by virtue of the provision of sub-paragraph (i) above, or prior to or after such date, by virtue of any other applicable provision of this definition,

and provided that a certificate signed by two directors of the Issuer that in their opinion, a Subsidiary is or is not or was or was not at any particular time a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties.

“**Put Date**” has the meaning provided in Condition 7(e).

“**Put Exercise Notice**” has the meaning provided in Condition 7(e).

“**Rebased A Shares**” means the notional number of A Shares calculated as follows:

$$\text{Rebased A Shares} = \frac{A \times B}{C}$$

where:

A is (i) for the purposes of Condition 6(b)(iii)(A), Condition 6(b)(iv)(B) and Condition 6(b)(ix), the number of A Shares in issue on the relevant Effective Date; (ii) for the purposes of item “A” in the formula in Condition 6(b)(vi), the number of A Shares in issue immediately before the issue of the relevant A Shares or C Shares or the grant of the relevant options, warrants or rights; (iii) for the purposes of item “C” in the formula in Condition 6(b)(vi), the number of A Shares to be issued or, as the case may be, the maximum number of A Shares which may be issued upon exercise of the relevant options, warrants or rights as at the date of issue of such options warrants or rights; (iv) for the purposes of item “A” in the formula in Condition 6(b)(vii), the number of A Shares in issue immediately before the relevant issue or grant; (v) for the purposes of item “C” in the formula in Condition 6(b)(vii), the maximum number of A Shares to be issued or otherwise made available upon conversion or exchange of the relevant Securities or upon the exercise of the relevant 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 A Shares which may be issued or arise from any relevant redesignation; (vi) for the purposes of item “A” in the formula in Condition 6(b)(viii), the number of A Shares in issue immediately before the relevant modification; and (vii) for the purposes of item “C” in the formula in Condition 6(b)(viii), the maximum number of A Shares which may be issued or otherwise made available upon conversion or exchange of the relevant 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 Financial Adviser shall consider appropriate for any previous adjustment under Condition 6(b)(viii) or Condition 6(b)(vii);

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

C is the Current Market Price of one C Share on the relevant Effective Date.

“**Record Date**” has the meaning provided in Condition 8(c).

“**Redemption Parity**” has the meaning provided in Condition 7(i)(ii).

“**Reference Date**” means, in relation to a Retroactive Adjustment, the date as of which the relevant Retroactive Adjustment takes effect or, in any such case, if that is not a dealing day, the next following dealing day.

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

“**Registration Date**” has the meaning provided in Condition 6(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 C 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 17 that, upon further presentation of the Bond, where required pursuant to these Conditions, being made, such payment will be made, provided that such payment is in fact made as provided in these Conditions.

a “**Relevant Event**” 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 A Shares and C Shares of the Issuer 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.

“**Relevant Event Notice**” has the meaning provided in Condition 6(g).

“**Relevant Event Period**” means the period commencing on the occurrence of a Relevant Event and ending 60 calendar days following the Relevant Event or, if later, 60 calendar days following the date on which a Relevant Event Notice is given to Bondholders as required by Condition 6(g).

“**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 C 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 C Shares are then listed, admitted to trading or quoted or dealt in.

“**Retroactive Adjustment**” has the meaning provided in Condition 6(m)(iii).

“**Revocation Date**” has the meaning provided in Condition 6(m)(ii).

“**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, without limitation, A Shares, C Shares, or options, warrants or other rights to subscribe for or purchase or acquire A Shares or C Shares.

“**Shareholders**” means A Shareholders and C Shareholders.

“**Shares**” means A Shares or, as the case may be, C Shares.

“**Specified Date**” has the meaning provided in Conditions 6(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 (1975:1385) as amended).

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

“**TARGET Business Day**” means a day (other than a Saturday or Sunday) on which the TARGET System is operating.

“**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) system which was launched on 19 November 2007 or any successor thereto.

“**Tax Redemption Date**” has the meaning provided in Condition 7(c).

“**Tax Redemption Notice**” has the meaning provided in Condition 7(c).

“**Top-up Amount**” has the meaning provided in Condition 7(i)(iii).

“**Volume Weighted Average Price**” means, in respect of a C Share, A Share, Security or, as the case may be, a Spin-Off Security on any dealing day, the order book volume-weighted average price of a C Share, A Share, Security or, as the case may be, a Spin-Off Security published by or derived (in the case of a C Share or, as the case may be, an A Share) from Bloomberg page VAP or (in the case of a Security (other than C Shares or A Shares) or 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 in good faith to be appropriate by an Independent Financial 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 C Share, A Share, Security or a 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).

“**€**” and “**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.

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 A Shareholders or C 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 A Shareholders or C Shareholders or Existing Shareholders, as the case may be, other than A Shareholders or C 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 Financial Adviser considers in good faith appropriate to

reflect any consolidation or sub-division of the C Shares or any issue of C Shares by way of capitalisation of profits or reserves, or any like or similar event.

For the purposes of Conditions 6 (a), (b), (c), (h) and (i) and Condition 11 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 6(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.

References in these Conditions to listing on the Luxembourg Stock Exchange (or like or similar references) shall be construed as admission to the official list of the Luxembourg Stock Exchange and admission to trading on the Luxembourg Stock Market’s Euro MTF Market.

4 Registration and Transfer of Bonds

(a) *Registration*

The Issuer will cause a register (the “**Register**”) to be kept at the specified office of the Registrar outside the United Kingdom on which will be entered the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers, redemptions and conversions of Bonds.

(b) *Transfer*

Bonds may, subject to the terms of the Agency Agreement and to Conditions 4(c) and 4(d), be transferred by lodging the relevant Bond (with the form of application for transfer in respect thereof duly executed and duly stamped where applicable) at the specified office of the Registrar or any Paying, Transfer and Conversion Agent.

No transfer of a Bond will be valid unless and until entered on the Register. A Bond may be registered only in the name of, and transferred only to, a named person (or persons, not exceeding four in number).

The Registrar will within seven business days, in the place of the specified office of the Registrar, of any duly made application for the transfer of a Bond, register the relevant transfer and deliver a new Bond to the transferee (and, in the case of a transfer of part only of a Bond, deliver a Bond for the untransferred balance to the transferor) at the specified office of the Registrar or (at the risk and, if mailed at the request of the transferee or, as the case may be, the transferor otherwise than by ordinary mail, at the expense of the transferee or, as the case may be, the transferor) mail the Bond by uninsured mail to such address as the transferee or, as the case may be, the transferor may request.

(c) *Formalities Free of Charge*

Such transfer will be effected without charge subject to (i) the person making such application for transfer paying or procuring the payment of any taxes, duties and other governmental charges in connection therewith, (ii) the Registrar being satisfied with the documents of title and/or identity of the person making the application and (iii) such reasonable regulations as the Issuer may from time to time agree with the Registrar and the Trustee (and as initially set out in the Agency Agreement).

(d) *Closed Periods*

Neither the Issuer nor the Registrar will be required to register the transfer of any Bond (or part thereof) (i) during the period of 15 days ending on and including the day immediately prior to the Final Maturity Date or any earlier date fixed for redemption of the Bonds pursuant to Condition 7(b) or 7(c);

(ii) in respect of which a Conversion Notice has been delivered by a holder pursuant to these Conditions; (iii) in respect of which a Bondholder has exercised its right to require redemption pursuant to Condition 7(e); or (iv) during the period of 15 days ending on (and including) any Record Date in respect of any payment of interest on the Bonds.

5 Interest

(a) Interest Rate

The Bonds bear interest from (and including) the Closing Date at the rate of 1.875 per cent. per annum calculated by reference to the principal amount thereof and payable semi-annually in arrear in equal instalments on 1 June and 1 December in each year (each an “**Interest Payment Date**”), commencing with the Interest Payment Date falling on 1 June 2011, save that the first payment of interest will be made on 1 June 2011 in respect of the period from (and including) the Closing Date to (but excluding) 1 June 2011 and will amount to €21.06 per €50,000 principal amount of Bonds and the last payment of interest will be made on 27 February 2017 in respect of the period from (and including) 1 December 2016 to (but excluding) 27 February 2017 and will amount to €26.03 per €50,000 principal amount of Bonds.

The amount of interest payable in respect of any period which is shorter than an Interest Period shall be calculated on the basis of the number of days in the relevant period from (and including) the first day of such period to (but excluding) the last day of such period divided by the product of the number of days from (and including) the immediately preceding Interest Payment Date (or, if none, the Closing Date) to (but excluding) the next Interest Payment Date and the number of Interest Periods normally ending in any year.

“**Interest Period**” means the period beginning on (and including) the Closing Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) 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 or the provisions of Condition 7(i) shall apply, 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 6(j)) or (ii) where such Bond is redeemed or repaid pursuant to Condition 7 or Condition 10, from the due date for redemption or repayment thereof unless the Issuer shall fail to comply with its obligations in respect of the exercise of Conversion Rights or pursuant to Condition 7(i) or, as the case may be, upon due presentation thereof, payment of principal is improperly withheld or refused, in which event interest will continue to accrue at the rate specified in Condition 5(a) (both before and after judgment) until whichever is the earlier of (a) the day the Issuer shall have complied with all its obligations in respect of the exercise of Conversion Rights or pursuant to Condition 7(i) or, as the case may be, on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after the Trustee or the Principal Paying, Transfer and Conversion Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions) or, as the case may be, until such issue and delivery of Issuer Conversion C Shares and payment of all relevant cash amounts (including, without limitation, the Net Sale Proceeds and Top-up Amount) (if any) in accordance with Condition 7(i).

This Condition 5(b) shall be without prejudice to the provisions of Condition 7(i).

6 Conversion of Bonds

(a) *Conversion Period and Conversion Price*

Subject to the provisions of Condition 6(m) and otherwise as provided in these Conditions, each Bond shall entitle the holder to convert such Bond into new C Shares in the circumstances provided in these Conditions, credited as fully paid (a “**Conversion Right**”).

Subject to the provisions of Condition 6(m), the number of C Shares to be issued on exercise of a Conversion Right shall be determined by dividing the principal amount of the Bonds to be converted (translated into Swedish Kronor at the Fixed Rate of Exchange) by the conversion price (the “**Conversion Price**”) in effect on the relevant Conversion Date.

The initial Conversion Price is SEK 162.00 per C Share. The Conversion Price is subject to adjustment in the circumstances described in Condition 6(b).

A Bondholder may exercise the Conversion Right in respect of a Bond by delivering such Bond to the specified office of any Paying, Transfer and Conversion Agent in accordance with Condition 6(h) whereupon the Issuer shall (subject as provided in these Conditions) procure the delivery, to or as directed by the relevant Bondholder, of C Shares credited as paid up in full as provided in this Condition 6.

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 9 March 2011 to the close of business (at the place where the relevant Bond is delivered for conversion) on the date falling 28 calendar days prior to the Final Maturity Date (both days inclusive) or, if such Bond is to be redeemed pursuant to Condition 7(b) or 7(c) prior to the Final Maturity Date, then up to (and including) the close of business (at the place aforesaid) on the 10th day before the date fixed for redemption thereof pursuant to Condition 7(b) or 7(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 (at the place aforesaid) 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 17 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 business day at the place aforesaid, then the period for exercise of Conversion Rights by Bondholders shall end on the immediately preceding business day at the place aforesaid.

In addition, Conversion Rights may be exercised by Bondholders in the circumstances provided in Condition 7(i).

Conversion Rights may not be exercised (i) following the giving of notice by the Trustee pursuant to Condition 11 or (ii) in respect of a Bond in respect of which the relevant Bondholder has exercised its right to require the Issuer to redeem that Bond pursuant to Condition 7(e).

Save where a notice of redemption is given by the Issuer in the circumstances provided in Condition 6(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 by Bondholders in respect of the whole of the principal amount of a Bond.

Fractions of C Shares will not be issued or delivered on exercise of Conversion Rights or pursuant to Condition 6(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 C Shares to be delivered on conversion or pursuant to Condition 6(c) are to be registered in the same name, the number of such C 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 C Shares.

The Issuer will procure that C 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, the Conversion Price shall be adjusted as follows:

- (i) If and whenever there shall be a consolidation, reclassification or subdivision in relation to the C 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 C Shares in issue immediately before such consolidation, reclassification or subdivision, as the case may be; and
B is the aggregate number of C 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 C Shares credited as fully paid to the C Shareholders by way of capitalisation of profits or reserves (including any share premium account or statutory reserve) other than (1) where any such C 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 C Shares or (3) where any such C 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 C Shares in issue immediately before such issue; and

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

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

(iii)

(A) If and whenever the Issuer shall pay or make any Capital Distribution to the 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 C Share on the Effective Date; and

B is the portion of the Fair Market Value of the aggregate Capital Distribution attributable to one C Share, with such portion being determined by dividing the Fair Market Value of the aggregate Capital Distribution attributable to the C Shares by the number of C Shares entitled to receive the relevant Capital Distribution (or, in the case of a purchase, redemption or buy back of A Shares or C Shares or any depositary or other receipts or certificates representing A Shares or C Shares by or on behalf of the Issuer or any Subsidiary of the Issuer, by dividing the Fair Market Value of the aggregate Capital Distribution by the number of Adjusted Total Shares, and treating as not being in issue any A Shares or C Shares, or any A Shares or C 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 Capital Distribution 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 C Shares are traded ex-the relevant Dividend on the Relevant Stock Exchange or, in the case of a purchase, redemption or buy back of A Shares or C Shares or any depositary or other receipts or certificates representing A Shares or C Shares, the date on which such purchase, redemption or buy back is made or in the case of a Spin-Off, the first date on which the C Shares are traded ex- the relevant Spin-Off on the Relevant Stock Exchange.

“**Capital Distribution**” means any Non-Cash Dividend.

“**Non-Cash Dividend**” means any Dividend which is not a Cash Dividend, and shall include a Spin-Off.

(B) If and whenever the Issuer shall pay any Extraordinary Dividends to the Shareholders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

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

where:

- A is the Current Market Price of one C Share on the Effective Date;
- B is the portion of the Fair Market Value of the aggregate Extraordinary Dividend attributable to one C Share, with such portion being determined by dividing the Fair Market Value of the aggregate Extraordinary Dividend attributable to the C Shares by the number of C Shares entitled to receive the Relevant Dividend; and
- C is the amount (if any) by which the Reference Amount determined in respect of the Relevant Dividend exceeds an amount equal to the aggregate of the Fair Market Values of any previous Cash Dividends per C Share paid or made in respect of the Relevant Fiscal Year (where C shall be zero if such previous Cash Dividends per C Share are equal to, or exceed, the Reference Amount in respect of the Relevant Fiscal Year). For the avoidance of doubt “C” shall equal the Reference Amount determined in respect of the Relevant Dividend where no previous Cash Dividends per C Share have been paid or made in respect of such Relevant Fiscal Year.

Such adjustment shall become effective on the Effective Date or, if later, the first date upon which the Fair Market Value of the relevant Extraordinary Dividend can be determined.

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

“**Extraordinary Dividend**” means any Cash Dividend (the “**Relevant Dividend**”) paid or made in respect of a fiscal year of the Issuer (commencing with the year ended 31 December 2010) (the “**Relevant Fiscal Year**”), if (a) the Fair Market Value of the Relevant Dividend per C Share or (b) the sum of (i) the Fair Market Value of the Relevant Dividend per C Share and (ii) an amount equal to the aggregate of the Fair Market Value or Values of any other Cash Dividend or Cash Dividends per C Share paid or made in respect of the Relevant Fiscal Year, exceeds the Reference Amount, and in that case the Extraordinary Dividend shall be the Relevant Dividend.

“**Reference Amount**” means 4.0 per cent. of the average of the Volume Weighted Average Price of a C Share on each dealing day in the period of 120 dealing days ending on the dealing day immediately preceding the date of first public announcement of the Relevant Dividend, provided that if on any such dealing day the Volume Weighted Average Price shall have been based on a price cum-Dividend or cum-any other entitlement, the Volume Weighted Average Price of a C Share on such dealing day shall be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or other entitlement per C Share as at the date of first public announcement of such Dividend or entitlement.

“**Cash Dividend**” means (i) any Dividend which is to be paid or made in cash (in whatever currency), but other than falling within paragraph (b) of the definition of “**Spin-Off**” and (ii) any Dividend determined to be a Cash Dividend pursuant to paragraph (a) of the definition of “**Dividend**”, and for the avoidance of doubt, a Dividend falling within paragraph (c) or (d) of the definition of “**Dividend**” shall be treated as being a Non-Cash Dividend.

- (C) 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.

(D) In making any calculations for the purposes of this Condition 6(b)(iii), such adjustments (if any) shall be made as an Independent Financial Adviser may determine in good faith to be appropriate to reflect (i) any consolidation or sub-division of any C Shares or the issue of C Shares by way of capitalisation of profits or reserves (or any like or similar event) or any increase in the number of C Shares in issue in relation to the fiscal year of the Issuer in question, (ii) any change in the fiscal year of the Issuer, or (iii) any adjustment to the Conversion Price made in fiscal year of the Issuer in question.

(iv)

(A) If and whenever the Issuer shall issue A Shares to A Shareholders and C Shares to C Shareholders, in each case as a class by way of rights, or shall issue or grant to A Shareholders and C Shareholders, in each case as a class by way of rights, any options, warrants or other rights to subscribe for or purchase any A Shares (in the case of A Shareholders) or C Shares (in the case of C Shareholders), or any Securities which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, any A Shares (in the case of A Shareholders) or C Shares (in the case of C Shareholders) (or shall grant any such rights in respect of existing securities so issued), in each case at the same ratio per A Share as per C Share and with the same subscription price per A Share as per C Share and at a price per Share which is less than 95 per cent. of the Current Market Price per A Share or, as the case may be, C Share on the Effective Date, 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 C Shares in issue on the Effective Date;

B is the number of C Shares which the aggregate consideration (if any) receivable for the C 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 C Shares deliverable on the exercise thereof, would purchase at such Current Market Price per C Share; and

C is the number of C Shares to be issued or, as the case may be, the maximum number of C 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.

(B) If and whenever the Issuer shall issue C 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 C Shares, or any Securities which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, any C Shares (or shall grant any such rights in respect of existing securities so issued), in each case at the same ratio per Share and with the same subscription price per Share and at a price per C Share which is less than 95 per cent. of the Current Market Price

per C Share on the Effective Date, 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 Adjusted Total Shares;
- B is the number of C Shares which the aggregate consideration (if any) receivable for the C 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 C Shares deliverable on the exercise thereof, would purchase at such Current Market Price per C Share; and
- C is the number of C Shares to be issued or, as the case may be, the maximum number of C 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.

- (C) **“Effective Date”** means, in respect of this sub-paragraph (b)(iv), the first date on which the C Shares are traded ex-rights, ex-options or ex-warrants on the Relevant Stock Exchange.
- (v) If and whenever the Issuer shall issue any Securities (other than C Shares or options, warrants or other rights to subscribe for or purchase any C Shares) to C Shareholders as a class by way of rights or grant to C Shareholders as a class by way of rights any options, warrants or other rights to subscribe for or purchase any Securities (other than C Shares or options, warrants or other rights to subscribe for or purchase C 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 C 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 C Share or, where the Securities to which this sub-paragraph (b)(v) relates are A Shares, the Adjusted Fair Market Value on the Effective Date of the portion of the rights attributable to one C 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 C Shares are traded ex- the relevant Securities or ex-rights, ex-option or ex-warrants on the Relevant Stock Exchange.

“Adjusted Fair Market Value” means the Current Market Price of one C Share on the Effective Date, less TERP.

“**TERP**” shall be calculated as follows:

$$\frac{A + B + C}{D + (E/F)}$$

where:

- A is the product of the number of A Shares in issue on the Effective Date and the Current Market Price of one A Share on the Effective Date;
- B is the product of the number of C Shares in issue on the Effective Date and the Current Market Price of one C Share on the Effective Date;
- C is the aggregate consideration (if any) receivable for the A Shares 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 A Shares deliverable on the exercise thereof;
- D is the number of C Shares in issue on the Effective Date;
- E is the product of (x) the number of A Shares in issue on the issue date of the new A Shares to be issued pursuant to this Condition 6(b)(v) or, as the case may be, the sum of (I) the number of A Shares in issue on the Effective Date and (II) the maximum number of A 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 and (y) the Current Market Price of one A Share on the Effective Date; and
- F is the Current Market Price of one C Share on the Effective Date.

- (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 A Shares or C Shares (other than C Shares issued on conversion of the Bonds or A Shares or C Shares issued on the exercise of any other rights of conversion into, or exchange or subscription for or purchase of, A Shares or C 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 A Shares or C Shares (other than the Bonds, which term shall for this purpose include any Further Bonds), in each case at a price per A Share or C Share, as the case may be, which is less than 95 per cent. of the Current Market Price per A Share or, as the case may be, per C 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 Adjusted Total Shares;
- B is the number of C Shares which the aggregate consideration (if any) receivable for the issue of the relevant A Shares or C Shares or, as the case may be, for the A Shares or C 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 C Share; and

C is the number of C Shares to be issued pursuant to such issue of such C Shares or, as the case may be, the maximum number of C 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, as the case may be, the number of Rebased A Shares calculated by reference to the number of A Shares to be issued pursuant to such issue of A Shares or, as the case may be, the maximum number of Rebased A Shares calculated by reference to the maximum number of A 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 A Shares or C 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 term shall for this purpose exclude any Further Bonds) which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, A Shares or, as the case may be, C Shares (or shall grant any such rights in respect of existing Securities so issued) or Securities which by their terms might be redesignated as A Shares or, as the case may be, C Shares, and the consideration per A Share or, as the case may be, C Share receivable upon conversion, exchange, subscription or redesignation is less than 95 per cent. of the Current Market Price per A Share or, as the case may be, C 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 Adjusted Total Shares (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for A Shares or, as the case may be, C 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, the Adjusted Total Shares shall be calculated disregarding the number of such A Shares or, as the case may be, C Shares so issued, purchased or acquired);

B is the number of C Shares which the aggregate consideration (if any) receivable for the A Shares or, as the case may be, C 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 A Shares or C Shares to be

issued or to arise from any such redesignation would purchase at such Current Market Price per C Share; and

C is the maximum number of C 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 C Shares which may be issued or arise from any such redesignation or, if the Securities to which this sub-paragraph (vii) relates are A Shares, the Rebased A Shares,

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 A Shares or, as the case may be, C 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 redesignated 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, redesignation 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, which term shall for this purpose include any Further 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 A Share or, as the case may be, C Share receivable has been reduced and is less than 95 per cent. of the Current Market Price per A Share or C Share, as the case may be, 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 Adjusted Total Shares (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for, or purchase or acquisition of, A Shares or C 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, the Adjusted Total Shares shall be calculated disregarding the number of such A Shares or, as the case may be, C Shares so issued, purchased or acquired);

B is the number of C Shares which the aggregate consideration (if any) receivable for

the A Shares or, as the case may be, C 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 C Share or, if lower, the existing conversion, exchange, subscription, purchase or acquisition price or rate of such Securities; and

C is the maximum number of C 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 or, if the Securities to which this sub-paragraph (viii) relates are A Shares, the Rebased A Shares, but in each case giving credit in such manner as an Independent Financial Adviser shall in good faith 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 A Shares or, as the case may be, C 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)(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 A Share or, as the case may be, per C Share on the relevant dealing day) or under sub-paragraph (b)(v) above), 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 C 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 C 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 C Shares are traded ex- rights on the Relevant Stock Exchange.

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

$$\text{RECP} = \text{OCP} / (1 + (\text{CP} \times c/t))$$

where:

RECP = means the Relevant Event Conversion Price

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

CP = means 35 per cent. (expressed as a fraction)

c = means the number of days from and including the date the Relevant Event 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 (after consultation with the Trustee) 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 6(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 Financial 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 Financial Adviser is so requested to make such a determination not more than 21 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 6(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 Financial 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 Financial 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 A Shares or C Shares issued for cash shall be the amount of such cash;
- (b) (x) the aggregate consideration receivable or price for A Shares or C Shares to be issued or otherwise made available upon the conversion or exchange of any Securities shall be deemed to be the consideration or price received or receivable for any such Securities and (y) the aggregate consideration receivable or price for A Shares or C 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 A Share or C 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 A Shares or, as the case may be, C 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); and
- (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 A Shares or C Shares or Securities or options, warrants or rights, or otherwise in connection therewith.

(c) *Adjustment to Conversion Date*

If the Registration Date (as defined in Condition 6(i)) in relation to any Bond would but for the provisions of this Condition 6(c) be after the record date in respect of any consolidation, reclassification or sub-division as is mentioned in Condition 6(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 6(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 6(b)(vi) and (vii) or of the terms of any such modification as is mentioned in Condition 6(b)(viii), in circumstances where the Conversion Date falls before the relevant adjustment to the Conversion Price becomes effective under Condition 6(b), then references in these Conditions to the Conversion Date shall (save for the

purposes of Conditions 5(b), 6(b)(x), 6(i), 6(j) and 6(m) (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 6(m) 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 C Shares to be issued as soon as practicable following the Conversion Date (determined as aforesaid).

(d) *Decision of an Independent Financial 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 Financial Adviser, a written opinion of such Independent Financial Adviser in respect thereof shall be conclusive and binding on the Issuer, the Bondholders and the Trustee, save in the case of manifest error.

(e) *Share or Option Schemes*

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

(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. 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 down had not been made.

Notice of any adjustments to the Conversion Price shall be given by the Issuer to Bondholders in accordance with Condition 17 and to the Trustee promptly after the determination thereof.

The Conversion Price shall not in any event be reduced to below the nominal value of the C 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 nominal value or any minimum level permitted by applicable laws or regulations.

(g) *Relevant Event or De-listing Event*

(i) Within 7 calendar days following the occurrence of a Relevant Event, the Issuer shall give notice thereof to the Trustee and to the Bondholders in accordance with Condition 17 (a “**Relevant Event Notice**”). The Relevant Event 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 7(e).

The Relevant Event Notice shall also specify:

- (A) all information material to Bondholders concerning the Relevant Event;
 - (B) the Conversion Price immediately prior to the occurrence of the Relevant Event and the Relevant Event Conversion Price applicable pursuant to Condition 6(b)(x) during the Relevant Event Period on the basis of the Conversion Price in effect immediately prior to the occurrence of the Relevant Event;
 - (C) the closing price of the C Shares as derived from the Relevant Stock Exchange as at the latest practicable date prior to the publication of the Relevant Event Notice;
 - (D) the last day of the Relevant Event Period;
 - (E) the Relevant Event Put Date; and
 - (F) such other information relating to the Relevant Event as the Trustee may require.
- (ii) Upon the occurrence of a De-listing Event, the Issuer shall give notice thereof to the Trustee and to the Bondholders in accordance with Condition 17 (a “**De-listing Event Notice**”). Such notice shall contain a statement informing Bondholders of their entitlement to exercise their rights of redemption under Condition 7(e).

The De-listing Event Notice shall also specify:

- (A) all information material to Bondholders concerning the De-listing Event;
- (B) the Conversion Price immediately prior to the occurrence of the De-Listing Event;
- (C) the closing price of the C Shares as derived from the Relevant Stock Exchange as at the latest practicable date prior to the occurrence of the De-listing Event; and
- (D) such other information relating to the De-listing Event as the Trustee may require.

The Trustee shall not be required to monitor or take any steps to ascertain whether a Relevant Event or a De-listing Event or any event which could lead to a Relevant Event or De-listing Event has occurred or may occur and will not be responsible or liable to Bondholders or any other person for any loss arising from any failure by it to do so.

(h) *Procedure for exercise of Conversion Rights*

Conversion Rights may be exercised by a Bondholder during the Conversion Period by delivering the relevant Bond to the specified office of any Paying, Transfer and Conversion Agent, during its usual business hours, accompanied by a duly completed and signed notice of conversion (a “**Conversion Notice**”) in the form (for the time being current) obtainable from any Paying, Transfer and Conversion Agent. Conversion Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the specified office of the Paying, Transfer and Conversion Agent to whom the relevant Conversion Notice is delivered is located.

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 relevant Paying, Transfer and Conversion Agent, such delivery shall be deemed for all purposes of these Conditions to have been made on the next following such business day.

Any determination as to whether any Conversion Notice has been duly completed and properly delivered shall be made by the relevant Paying, Transfer and Conversion Agent and shall, save in the case of manifest error, be conclusive and binding on the Issuer, the Trustee, the Paying, Transfer and Conversion Agents and the relevant Bondholder.

Conversion Rights may only be exercised in respect of the whole of the principal amount of a Bond. Where Conversion Rights are exercised in respect of part only of a Bond, the old Bond shall be cancelled and a new Bond for the balance thereof shall be issued in lieu thereof without charge but upon payment by the holder of any taxes, duties and other governmental charges payable in connection therewith and the Registrar will within seven business days, in the place of the specified office of the Registrar, following the relevant Conversion Date deliver such new Bond to the Bondholder at the specified office of the Registrar or (at the risk and, if mailed at the request of the Bondholder otherwise than by ordinary mail, at the expense of the Bondholder) mail the new Bond by uninsured mail to such address as the Bondholder may request.

A Conversion Notice, once delivered, shall be irrevocable.

The conversion date in respect of a Bond (the “**Conversion Date**”) shall (subject as provided in Condition 7(i)) be the day which is both a business day in Stockholm and a dealing day immediately following the date of the delivery of the relevant Bond and the Conversion Notice as provided in this Condition 6(h).

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 C 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.

The Trustee shall not be responsible for determining whether such taxes or capital, stamp, issue and registration and transfer taxes and duties are payable or the amount thereof and it shall not be responsible or liable for any failure by the Issuer to pay such taxes or capital, stamp, issue and registration and transfer taxes and duties.

(i) *C Shares*

The person or persons specified for such purpose in the relevant Conversion Notice will become the holder of record of the number of C Shares issuable upon conversion with effect from the date such person or persons is/are registered in the Issuer’s share register through registration in the share accounts maintained with Euroclear (the “**Registration Date**”). Registration in the share register maintained with Euroclear will occur following registration of such C Shares with the Swedish Companies Registration Office. The C Shares issued and registered upon conversion of the Bonds will be fully-paid, and will in all respects rank *pari passu* with the C Shares in issue on the relevant Registration Date except that such C 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 C 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 C 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 C Shares to which a converting Bondholder is entitled under Condition 6(b)), 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 C Shares on that date, translated into euros at the Prevailing Rate on the date the relevant dividend or distribution is paid or made 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 euros in accordance with instructions given by the relevant Bondholder in the relevant Conversion Notice.

Save as provided in Condition 6(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 7(b) on or after the fifteenth London 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 C Shares where such notice specifies a date for redemption falling on or prior to the date which is 14 days after the Interest Payment Date next following such record date, interest shall accrue at the rate provided in Condition 5(a) on Bonds in respect of which Conversion Rights shall have been exercised and in respect of which the Conversion Date falls after such record date and 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 days after the relevant Conversion Date by transfer to a euro account with a bank in a city in which banks have access to the TARGET System in accordance with instructions given by the relevant Bondholder in the relevant Conversion Notice.

(k) *Purchase or Redemption of C 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 of the Issuer (including C Shares) or any depositary or other receipts or certificates representing the same without the consent of the Bondholders.

(l) *No Duty to Monitor*

The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists which may require an adjustment to be made to the Conversion Price and will not be responsible or liable to the Bondholders for any loss arising from any failure by it to do so.

(m) *Cash Settlement/Cash Alternative Election*

(i) Notwithstanding any other provision of these Conditions, upon exercise of Conversion Rights by a Bondholder in respect of which the Conversion Date falls prior to the date on which the Issuer shall have given notice to the Bondholders and the Trustee that the

Conversion Condition shall have been satisfied, the Issuer shall satisfy the exercise of Conversion Rights relating to such Bondholder's Bonds by making payment, or procuring that payment is made on its behalf, to the relevant Bondholder of the Cash Alternative Amount, together with any other amount payable by the Issuer to such Bondholder pursuant to these Conditions in respect of or relating to the relevant exercise of Conversion Rights, including any interest payable pursuant to Condition 6(j).

The Issuer will pay the Cash Alternative Amount, together with any other amount as aforesaid, by not later than 5 TARGET Business Days following the last day of the Cash Alternative Calculation Period by transfer to a euro account maintained with a bank in a city in which banks have access to the TARGET System in accordance with instructions contained in the relevant Conversion Notice.

- (ii) Upon exercise of Conversion Rights by a Bondholder in respect of which the Conversion Date falls on or after the date on which the Issuer shall have given notice to the Bondholders and the Trustee that the Conversion Condition shall have been satisfied, but prior to the Revocation Date specified in any notice of revocation (a "**Notice of Revocation**"), the Issuer may (subject as provided in Condition 6(m)(iii)) make an election (a "**Cash Alternative Election**") by giving notice (a "**Cash Alternative Election Notice**") to the relevant Bondholder by not later than the date (the "**Cash Alternative Election Date**") falling 3 TARGET Business Days following the relevant Conversion Date to the address (or, if a fax number or email address is provided in the relevant Conversion Notice, that fax number or email address) specified for that purpose in the relevant Conversion Notice (with a copy to the Trustee and the Principal Paying, Transfer and Conversion Agent) to satisfy the exercise of the Conversion Rights in respect of the relevant Bonds by making payment, or procuring that payment is made, to the relevant Bondholder of the Cash Alternative Amount, together with any other amount payable by the Issuer to such Bondholder pursuant to these Conditions in respect of or relating to the relevant exercise of Conversion Rights, including any interest payable pursuant to Condition 6(j).

A Cash Alternative Election Notice shall be irrevocable.

At any time after the Issuer shall have given notice to the Bondholders that the Conversion Condition shall have been satisfied, the Issuer may elect to revoke and cancel its right to make a Cash Alternative Election in respect of any exercise of Conversion Rights where the relevant Conversion Date falls on or after the Revocation Date by giving a Notice of Revocation to the Trustee and the Bondholders. A Notice of Revocation shall be irrevocable.

The Issuer will pay the Cash Alternative Amount, together with any other amount as aforesaid, by not later than 5 TARGET Business Days following the last day of the Cash Alternative Calculation Period by transfer to a euro account maintained with a bank in a city in which banks have access to the TARGET System in accordance with instructions contained in the relevant Conversion Notice.

"**Revocation Date**" means, for the purposes of these Conditions, the date specified as such in a Notice of Revocation and which shall not be earlier than ten nor later than fifteen days after the date such notice is given.

- (iii) If the Conversion Date in relation to the exercise of Conversion Rights by a Bondholder falls prior to the Issuer giving notice to Bondholders that the Conversion Condition shall have been satisfied or in circumstances where a Cash Alternative Election is made in respect of such exercise, and such Conversion Date shall be after the record date in respect of any

consolidation, reclassification or sub-division as is mentioned in Condition 6(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 6(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 6(b)(vi) and (vii) or of the terms of any such modification as is mentioned in Condition 6(b)(viii), in circumstances where the relevant Conversion Date falls before the relevant adjustment to the Conversion Price becomes effective under Condition 6(b) (such adjustment, a “**Retroactive Adjustment**”), the Issuer shall pay to the relevant Bondholder an additional amount (the “**Additional Cash Alternative Amount**”) equal to the Market Price of such number of C Shares equal to that by which the number of C Shares by reference to which the Cash Alternative Amount shall have been determined would have been increased if the relevant adjustment to the Conversion Price had been made and become effective immediately prior to the relevant Conversion Date.

The Issuer will pay the Additional Cash Alternative Amount not later than 5 TARGET Business Days following the relevant Reference Date by transfer to a euro account with a bank in a city in which banks have access to the TARGET System in accordance with instructions contained in the relevant Conversion Notice.

- (iv) The Issuer may not make a Cash Alternative Election in respect of the exercise of Conversion Rights by a Bondholder pursuant to Condition 7(i)(i).

(n) *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), or in the case of any sale or transfer of all, or substantially all, of the assets of the Issuer, the Issuer will forthwith give notice thereof to the Trustee and to the Bondholders in accordance with Condition 17 of such event and take such steps as shall be required by the Trustee (including the execution of a deed supplemental to or amending the Trust Deed) 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 C 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 6(m) will apply, *mutatis mutandis* to any subsequent consolidations, amalgamations, mergers, sales or transfers.

7 **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 7(b) or 7(c).

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

(i) *Soft Call and Clean-up Call*

On giving not less than 30 nor more than 45 days’ notice (an “**Optional Redemption Notice**”) to the Trustee and to the Bondholders in accordance with Condition 17, 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 22 June 2014 (the “**First Call Date**”) if the Parity Value on each of at least 20 dealing days in any period of 30 consecutive dealing days ending not earlier than 5 days prior to the giving of the relevant Optional Redemption Notice shall have exceeded €5,000; 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 (which shall for this purpose include any Further Bonds).

(ii) *Redemption following non-satisfaction of Conversion Condition*

The Issuer may, within 30 days of any general meeting of the Issuer held on or prior to 30 November 2011 at which the Conversion Condition Resolution is proposed but not passed, give notice to the Trustee and to the Bondholders (a “**Call Event Redemption Notice**”) in accordance with Condition 17 specifying that the Conversion Condition has not been satisfied and that it will redeem all but not some only of the Bonds on the third Stockholm business day following the end of the Parity Calculation Period (the “**Call Event Redemption Date**”) at the Call Event Amount, together with accrued but unpaid interest to the Call Event Redemption Date.

The “**Conversion Condition**” will be satisfied if a general meeting of the Issuer has passed a resolution (the “**Conversion Condition Resolution**”) to approve the resolution of the board of directors of the Issuer at a board meeting held on 11 January 2011 excluding the pre-emptive rights of Shareholders with respect to the issue of the Bonds.

“**General Meeting Date**” means the date of the general meeting of the Issuer immediately preceding the Call Event Date at which the Conversion Condition Resolution is proposed but not passed.

“**Call Event Date**” means the date on which the Call Event Redemption Notice is given by the Issuer.

“**Call Event Amount**” means in respect of each Bond the higher of:

- (A) 102.5 per cent. of the principal amount of the Bond; and
- (B) the Adjusted Quoted Price.

“**Adjusted Quoted Price**” means the sum of A and B, where:

- A is the simple arithmetic average of the Bond Price minus Parity calculated for each of the three consecutive dealing days ending on the dealing day immediately preceding the General Meeting Date; and
- B is the simple arithmetic average of Parity for each of the 30 consecutive dealing days (the “**Parity Calculation Period**”) commencing on the dealing day following the Call Event Date.

“**Bond Price**” in respect of a Bond on a particular dealing day means the average of the closing Bond prices quoted by the two leading dealers selected by the Issuer, provided that if only one of the selected dealers provides such quotation, the Bond Price shall be such

quotation and provided that if none of the selected dealers provides a quotation, the Bond Price shall be determined, in good faith, by an Independent Financial Adviser.

“**Parity**” in respect of a Bond on a particular dealing day means the product of (i) the Volume Weighted Average Price of a C Share on that dealing day (translated into euros at the Prevailing Rate on such dealing day) and (ii) the principal amount of the Bond (translated into Swedish Kronor at the Fixed Rate of Exchange) divided by the Conversion Price in effect on the Call Event Date, provided that (I) for the purposes of “A” in the definition of “Adjusted Quoted Price”, if on any such dealing day the C Shares shall have been quoted cum-Dividend or cum- any other entitlement, the Volume Weighted Average Price on such dealing day shall be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per C Share as at the date of first public announcement of such Dividend or entitlement (or, if that is not a dealing day, the immediately preceding dealing day); and (II) for the purposes of “B” in the definition of “Adjusted Quoted Price”, if on any such dealing day the C Shares shall have been quoted ex-Dividend or ex-any other entitlement, then the Volume Weighted Average Price on such dealing day shall be deemed to be the amount thereof increased by an amount equal to the Fair Market Value of any such Dividend or other entitlement per C Share as at the date of the first public announcement of such Dividend or entitlement (or, if that is not a dealing day, the immediately preceding dealing day).

(c) *Redemption for Taxation Reasons*

At any time the Issuer may, having given not less than 45 nor more than 60 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 satisfies the Trustee immediately prior to the giving of such notice that the Issuer has or will become obliged to pay additional amounts in respect of payments of interest on the Bonds pursuant to Condition 9 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 11 January 2011, 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 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 deliver to the Trustee (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) and the Trustee shall accept without any liability for so doing such certificate and opinion as sufficient evidence of the matters set out in (i) and (ii) above in which event it shall be conclusive and binding on the Bondholders.

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 its Bonds shall not be redeemed and that the provisions of Condition 9 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 9 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 any Paying, Transfer and Conversion Agent a duly completed and signed notice of election, in the form for the time being current, obtainable from the specified office of any Paying, Transfer and Conversion Agent together with the relevant Bonds on or before the day falling 10 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 C 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 day on which Conversion Rights may be exercised by Bondholders.

(e) *Redemption at the Option of Bondholders Upon a Relevant Event or a De-listing Event*

Following the occurrence of a Relevant Event or a De-listing Event, the holder of each Bond will have the right to require the Issuer to redeem that Bond on the relevant 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 such Bond to the specified office of any Paying, Transfer and Conversion Agent, together with a duly completed and signed notice of exercise in the form for the time being current obtainable from the specified office of any Paying, Transfer and Conversion Agent (a “**Put Exercise Notice**”), at any time during the Relevant Event Period or the De-listing Event Period, as the case may be. The “**Put Date**” shall be the fourteenth calendar day after the expiry of the Relevant Event Period or the De-listing Event Period, as appropriate.

Payment in respect of any such Bond shall be made by transfer to a euro account with a bank in a city in which banks have access to the TARGET System as specified by the relevant Bondholder in the relevant Put Exercise Notice.

A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem all Bonds the subject of Put Exercise Notices delivered as aforesaid on the 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, surrendered to any Paying, Transfer and Conversion Agent for cancellation.

(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 surrendered to the Principal Paying, Transfer and Conversion Agent for cancellation and may not be reissued or re-sold.

(h) *Multiple Notices*

If more than one notice of redemption is given pursuant to this Condition 7, the first of such notices to be given shall prevail.

(i) *Issuer Conversion Option*

- (i) Provided that the Issuer shall have given notice to the Bondholders and the Trustee that the Conversion Condition has been satisfied, the Issuer may elect, by giving notice (an “**Issuer Conversion Notice**”) to Bondholders in accordance with Condition 17 and to the Trustee at any time during the period (the “**Issuer Conversion Period**”) commencing 35 calendar days prior to the Final Maturity Date and ending on the date falling 27 calendar days (both days inclusive) prior to the Final Maturity Date, to convert the Conversion Amount specified in the Issuer Conversion Notice in respect of all but not some only of the outstanding Bonds into C Shares. The Issuer Conversion Notice shall not apply to any Bonds in respect of which Conversion Rights or rights of redemption are exercised by Bondholders pursuant to Condition 6(a) during the Conversion Period.

“**Conversion Amount**” means, in respect of a Bond, a multiple of €1,000 of such Bond, up to and including an amount not exceeding €50,000.

- (ii) If the Issuer gives an Issuer Conversion Notice then each Bondholder may exercise the Conversion Right in respect of the Bonds held by it in the manner set out in Condition 6(h) and otherwise as provided in these Conditions by not later than close of business (at the place where the relevant Bond is delivered for conversion) on the date immediately following the end of the Issuer Conversion Period and up to and including the close of business (as aforesaid) on the date falling 5 dealing days following the end of the Issuer Conversion Period (the “**Notice Cut-Off Date**”). Following any such exercise of Conversion Rights in respect of any Bonds, the Issuer shall (a) issue to the relevant Bondholder as provided in these Conditions such number of C Shares as determined by dividing the principal amount of such Bondholder’s Bonds (translated into Swedish Kronor at the Fixed Rate of Exchange) by the Conversion Price in effect on the dealing day immediately following the Notice Cut-Off Date, such dealing day being treated as the “**Conversion Date**” for the purposes of such conversion (such number of C Shares, the “**Issuer Conversion C Shares**”) and (b) make payment to the relevant Bondholder on the Final Maturity Date of an amount (if any) by which the principal amount of such Bonds exceeds the Redemption Parity, together with an amount equal to interest that, in the absence of an Issuer Conversion Notice having been given, would have been payable in respect thereof on the Final Maturity Date.

“**Redemption Parity**” means, in respect of the Bonds of a Bondholder in respect of which Conversion Rights shall have been exercised pursuant to this Condition 7(i)(ii), an amount equal to the product of (A) the relevant Issuer Conversion C Shares to be issued to such Bondholder in respect of such exercise and (B) the average of the daily Volume Weighted Average Price of a C Share on the Relevant Stock Exchange (translated into euros at the Prevailing Rate on the relevant dealing day) on each of the 10 consecutive dealing days ending on the third dealing day prior to the Final Maturity Date.

- (iii) Any Bonds in respect of which Conversion Rights are not exercised pursuant to Condition 7(i)(ii) or otherwise by Bondholders pursuant to these Conditions are referred to in these Conditions as “**Unconverted Bonds**” and the Conversion Amount of all such Unconverted Bonds shall automatically be converted by the Issuer on behalf of the relevant Bondholders

on the dealing day following the Notice Cut-Off Date into such number of C Shares as determined by dividing such Conversion Amount of the Unconverted Bonds (translated into Swedish Kronor at the Fixed Rate of Exchange) by the Conversion Price in effect on the dealing day following the Notice Cut-Off Date and the Conversion Date for such purposes shall be deemed to be the dealing day following the Notice Cut-Off Date. The C Shares to be issued pursuant to this Condition 7(i)(iii) shall be issued, allotted and delivered on behalf of the relevant Bondholders (without such Bondholders being required to take any action or being liable or responsible for any taxes or capital, stamp, issue and registration and transfer taxes and duties in connection therewith, which shall be paid by the Issuer) to a reputable investment bank or consortium of reputable investment banks selected by the Issuer, which investment bank or consortium of investment banks shall sell or procure the sale of the relevant C Shares on behalf of the relevant Bondholders, provided that such sale shall not occur prior to the Registration Date in respect of the Issuer Conversion C Shares. If this paragraph (iii) applies, the Issuer shall pay or procure that there is paid to each relevant Bondholder on the Final Maturity Date in respect of each Unconverted Bond an amount in euros equal to the sum of (a) the rateable proportion of the net proceeds of any such sale effected on or prior to the Final Maturity Date (translated into euros at the Prevailing Rate on the Final Maturity Date) (“**Net Sale Proceeds**”), but in an amount not exceeding the Conversion Amount, together with the Top-up Amount (if any), (b) the Redemption Amount (if any) and (c) an amount equal to interest that, in the absence of an Issuer Conversion Notice having been given, would have been payable in respect thereof on the Final Maturity Date (and so that each Bondholder shall accordingly be entitled to receive in respect of each Unconverted Bond an amount equal to (but not exceeding) the principal amount thereof and regardless of whether or not, and for whatever reason, none or less than all of the Issuer Conversion C Shares shall have been issued and/or sold, together with interest that, in the absence of an Issuer Conversion Notice having been given, would have accrued to the Final Maturity Date).

“**Top-up Amount**” means in respect of each Unconverted Bond an amount (if any) by which (A) the Conversion Amount of such Unconverted Bond exceeds (B) the pro rata amount of any Net Sale Proceeds payable in respect of that Unconverted Bond, and for the avoidance of doubt if the Net Sale Proceeds shall be zero (including where the relevant investment bank or consortium of investment banks shall have failed, or shall otherwise have been unable, to sell the relevant C Shares, including in circumstances where the relevant C Shares shall not have been issued or the Registration Date shall not have occurred), the Top-up Amount in respect of each Unconverted Bond shall be an amount equal to the Conversion Amount of the Unconverted Bond.

“**Redemption Amount**” means, in respect of an Unconverted Bond, the amount (if any) equal to €0,000 minus the Conversion Amount.

- (iv) For the avoidance of doubt, if the Issuer gives an Issuer Conversion Notice pursuant to this Condition 7(i), an amount equal to interest that, in the absence of an Issuer Conversion Notice having been given, would have been payable in respect of each outstanding Bond on the Final Maturity Date shall be paid as provided in this Condition 7(i).

8 Payments

(a) *Principal*

Payment of principal and interest in respect of the Bonds will be made to the persons shown in the Register at the close of business on the Record Date.

(b) *Other amounts*

Payments of all amounts other than as provided in Condition 8(a) will be made as provided in these Conditions.

(c) *Record Date*

“**Record Date**” means the seventh business day, in the place of the specified office of the Registrar, before the due date for the relevant payment.

(d) *Payments*

Each payment in respect of the Bonds pursuant to Condition 8(a) and (b) will be made by transfer to a euro account maintained by the payee with a bank in a city in which banks have access to the TARGET System.

Payment instructions (for value on the due date or, if that is not a TARGET Business Day, for value the first following day which is a TARGET Business Day) will be initiated on the TARGET Business Day preceding the due date for payment (for value the next TARGET Business Day).

(e) *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 9.

(f) *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.

(g) *Business Days*

In this Condition, “business day” means a day (other than a Saturday or Sunday) on which the TARGET System is operating.

(h) *Paying, Transfer and Conversion Agents, etc.*

The initial Paying, Transfer and Conversion Agents and Registrar and their initial specified offices are listed below. The Issuer reserves the right under the Agency Agreement at any time, with the prior written approval of the Trustee, to vary or terminate the appointment of any Paying, Transfer and Conversion Agent and Registrar and appoint additional or other Paying, Transfer and Conversion Agents, provided that it will (i) maintain a Principal Paying, Transfer and Conversion Agent, (ii) maintain a Paying, Transfer and Conversion Agent (which may be the Principal Paying, Transfer and Conversion Agent) with a specified office in (if any) a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other European Union 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 and (iii) maintain a Registrar with a specified office outside the United Kingdom. Notice of any change in the Paying, Transfer and Conversion Agents or the Registrar or their specified offices will promptly be given by the Issuer to the Bondholders in accordance with Condition 17.

(i) *No charges*

Neither the Registrar nor the Paying, Transfer and Conversion Agents shall make or impose on a Bondholder any charge or commission in relation to any payment or conversion in respect of the Bonds.

(j) *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.

9 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:

- (a) 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 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; or
- (b) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC 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 or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

The provisions of this Condition 9 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 7(c).

10 Events of Default

If any of the following events (each an “**Event of Default**”) occurs and is continuing, the Trustee at its discretion may, and if so requested by the holders of at least one-quarter in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution and provided in each case that it is indemnified and/or secured and/or prefunded to its satisfaction shall, give notice to the Issuer at its registered office that the Bonds are, and they shall accordingly immediately become due and repayable at their principal amount together with accrued interest (if any) to the date of payment:

- (i) the Issuer fails to pay the principal of or any interest on any of the Bonds when due and such failure continues for a period of five days in the case of principal and 10 days in the case of interest; or
- (ii) the Issuer fails to perform or observe any of its other obligations under the Bonds or the Trust Deed or fails to perform or observe any obligation under Condition 11 which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not, in the opinion of the Trustee, remedied within 30 days following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
- (iii)
 - (a) any other present or future indebtedness of the Issuer or any of its Principal Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described); or
 - (b) any such indebtedness of the Issuer or any of its Principal Subsidiaries is not paid when due or, as the case may be, within any originally applicable grace period; or
 - (c) the Issuer or any of its Principal Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised,

provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 10(iii) have occurred equals or exceeds €20,000,000 or its equivalent (as reasonably determined by the Trustee); or

- (iv) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against the whole or, in the opinion of the Trustee, any substantial part of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 30 days; or
- (v) any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Principal Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator manager or other similar person); or
- (vi) the Issuer or any of its Principal Subsidiaries is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or publicly announces its intention to stop or suspend payment of all or, in the opinion of the Trustee, a material part of (or of a particular type of) its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any substantial part which it will otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any substantial part of (or of a particular type of) the debts of the Issuer or any of its Principal Subsidiaries; or
- (vii) an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer or any of its Principal Subsidiaries, or the Issuer ceases or publicly announces its intention to cease to carry on all or substantially all of its business or operations, except (i) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Trustee or by an Extraordinary Resolution of the Bondholders, or (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of the Principal Subsidiary are transferred to or otherwise vested in the Issuer or another of its Subsidiaries; or

- (viii) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs,

provided that, in the case of Conditions 10(ii), 10(iv), 10(v) and, in relation to any Principal Subsidiary only, 10(vi) or 10 (vii) above, the Trustee shall have certified to the Issuer that such Event of Default is in its opinion materially prejudicial to the interests of the holders of the Bonds.

11 Undertakings

Whilst any Conversion Right remains exercisable, the Issuer will, save with the approval of an Extraordinary Resolution or with the prior written approval of the Trustee where, in its opinion, it is not materially prejudicial to the interests of the Bondholders to give such approval:

- (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 C 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 C Shares or other shares or Securities on a capitalisation of profits or reserves; or
 - (ii) by the issue of C 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 C 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 C Shares); or
 - (iv) by the issue of C 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 6(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 A Shares or the C 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 A Shares or, as the case may be, the C Shares but so that nothing in this Condition 11(b) shall prevent:
- (i) any consolidation, reclassification or subdivision of the A Shares and the C Shares or the conversion of any A Shares into C Shares, or *vice versa*; or
 - (ii) any modification of such rights which is not, in the determination in good faith of an Independent Financial Adviser, materially prejudicial to the interests of the holders of the Bonds upon which determination the Trustee shall be entitled to rely absolutely; or
 - (iii) any alteration to the articles of association of the Issuer made in connection with the matters described in this Condition 11 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 C 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 6(f) relating to roundings or the carry forward of adjustments or, where comprising C Shares, the fact that the consideration per C Share receivable therefor is at least 95 per cent. of the Current Market Price per C 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 C Shares, where prior thereto the Issuer shall have instructed an Independent Financial Adviser to determine in good faith what (if any) adjustments should be made to the Conversion Price as being fair and reasonable to take account thereof and such Independent Financial 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, A Shares or C Shares shall subsequently be granted such rights exercisable at a consideration per A Share or C Share, as the case may be, which is less than 95 per cent. of the Current Market Price per A Share or C Share, as the case may be, 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 6(f) relating to roundings or the carry forward of adjustments, give rise) to an adjustment to the Conversion Price and that at no time shall there be in issue A Shares or C Shares of differing nominal values, save where such A Shares and C Shares have the same economic rights;
 - (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, C Shares could not, under any applicable law then in effect, be legally issued as fully paid;
 - (e) not reduce its issued share capital, statutory reserve, or any uncalled liability in respect thereof, or any non-distributable reserves, 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 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 (to which, in respect of any such creation of distributable reserves by the Issuer, the Trustee will be deemed (without requiring any action on its part) to have irrevocably given its consent (without any liability to any person for so doing) prior to such creation of distributable reserves occurring and, to the extent that express consent is required, the Bondholders authorise and direct the Trustee to give its consent (without any liability to any person for so doing) to such creation of distributable reserves); 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 the Trustee is advised in writing by an Independent Financial Adviser, acting as an expert and in good faith, that the interests of the Bondholders will not be materially prejudiced by such reduction; or
- (ix) where the reduction is permitted by applicable law and results in (or would, but for the provisions of Condition 6(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 to purchase, redeem or buy back its C Shares and any depositary or other receipts or certificates representing C Shares without the consent of Bondholders;

- (f) if any offer (other than a Newco Offer) is made to all (or as nearly as may be practicable all) C Shareholders (or all (or as nearly as may be practicable all) such C Shareholders other than the offeror and/or any associates of the offeror) to acquire all or a majority of the issued C 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 Trustee and the Bondholders at the same time as any notice thereof is sent to the Shareholders (or as soon as practicable thereafter) that details concerning such offer or scheme may be obtained from the specified offices of the Paying, Transfer and Conversion Agents 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 C 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 (to the satisfaction of the Trustee) immediately after completion of the Scheme of Arrangement or Newco Offer, as the case may be, (I) in the case of a Scheme of Arrangement, at its option, either (a) Newco is substituted under the Bonds and the Trust Deed as principal obligor in place of the Issuer (with the Issuer providing a guarantee) subject to and as provided in the Trust Deed; or (b) Newco becomes a guarantor under the Bonds and the Trust Deed and, in either case, that such amendments are made to these Conditions and the Trust Deed as are necessary, in the opinion of the Trustee, to ensure that the Bonds may be converted into or exchanged for ordinary shares 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 the Trust Deed and (II) in the case of a Newco Offer, the Bondholders receive bonds issued by Newco having in all material respects the same terms and conditions as the Bonds, and in the case of (I) or (II) above, the ordinary shares of Newco are:
 - (A) admitted to the Relevant 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 C 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 C 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 C Shares shall be admitted to listing on the Relevant Stock Exchange;
- (j) ensure that all necessary steps are taken for the registration with the Swedish Companies Registration Office of the C Shares to be issued on conversion as soon as practicable following the relevant Conversion Date and, in the case of Issuer Conversion C Shares, by no later than the 12th dealing day prior to the Final Maturity Date, and that on the Stockholm business day immediately following such registration 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 C Shares and pending such registration with the Swedish Companies Registration Office this will procure that such C 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) for so long as any Bond remains outstanding, use all reasonable endeavours to ensure that (i) the C Shares rank *pari passu* and shall have the same rights and be entitled to the same benefits in all respects (other than in respect of the number of votes which may be cast in respect of thereof at a general meeting of the Issuer) with the A Shares, (ii) such number of votes which may be cast in respect of an A Share shall not be increased and in respect of a C Share shall not be decreased and (iii) no issue or grant of any rights, benefits or entitlements (including the making of any Dividend) is made in respect of the A Shares unless an issue or grant, *mutatis mutandis*, shall be made in respect of the C Shares; and
- (m) at all times keep available for issue, free from pre-emptive rights out of its authorised but unissued capital, sufficient authorised but unissued C Shares to enable the exercise of a Conversion Rights, and all rights of subscription and exchange for C Shares, to be satisfied in full.

The Issuer has undertaken in the Trust Deed to deliver to the Trustee annually and on request of the Trustee a certificate of two directors of the Issuer, as to there not having occurred an Event of Default or Potential Event of Default (as defined in the Trust Deed) since the date of the last such certificate or if such event has occurred as to the details of such event. The Trustee will be entitled to rely on such certificate and shall not be obliged to independently monitor compliance by the Issuer with the undertakings set forth in this Condition 11, nor be liable to any person for not so doing.

12 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.

13 Replacement of Bonds

If any Bond is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of any Paying, Transfer and Conversion Agent subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence and indemnity as the Issuer may require. Mutilated or defaced Bonds must be surrendered before replacements will be issued.

14 Meetings of Bondholders, Modification and Waiver, Substitution

(a) Meetings of Bondholders

The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer if requested in writing by Bondholders holding not less than 10 per cent. in principal amount of the Bonds for the time being outstanding. 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 7(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 and the Trust Deed made pursuant to and in accordance with the provisions of Condition 11(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 change the governing law of the Bonds, the Trust Deed or the Agency Agreement (other than in the case of a substitution of the Issuer (or any previous substitute or substitutes) under Condition 14(c)), or (ix) 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).

The Trust Deed provides that 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.

(b) *Modification and Waiver*

The Trustee may agree, without the consent of the Bondholders, to (i) any modification of any of the provisions of the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Bonds or these Conditions which in the Trustee's opinion is of a formal, minor or technical nature or is made to correct a manifest error or an error which, in the opinion of the Trustee, is proven or to comply with mandatory provisions of law, and (ii) any other modification to the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Bonds or these Conditions (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Bonds or these Conditions which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Bondholders. The Trustee may, without the consent of the Bondholders, determine any Event of Default or a Potential Event of Default (as defined in the Trust Deed) should not be treated as such, provided that in the opinion of the Trustee, the interests of Bondholders will not be materially prejudiced thereby. Any such modification, authorisation, waiver or determination shall be binding on the Bondholders and, if the Trustee so requires, such modification shall be notified to the Bondholders promptly in accordance with Condition 17.

(c) *Substitution*

The Trustee may, without the consent of the Bondholders, agree any substitution as provided in, and for the purposes of, Condition 11(g) or to the substitution in place of the Issuer (or any previous substitute or substitutes under this Condition) as the principal debtor under the Bonds and the Trust Deed of any Subsidiary of the Issuer subject to (a) the Bonds being unconditionally and irrevocably guaranteed by the Issuer, and (b) the Bonds continuing to be convertible or exchangeable into C Shares as provided in these Conditions *mutatis mutandis* as provided in these Conditions, with such amendments as the Trustee shall consider appropriate provided that in any such case, (x) the Trustee being satisfied that the interests of the Bondholders will not be materially prejudiced by the substitution, and (y) certain other conditions set out in the Trust Deed being complied with. In the case of such a substitution the Trustee may agree, without the consent of the Bondholders, to a change of the law governing the Bonds and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Bondholders. Any such substitution shall be binding on the Bondholders and shall be notified to the Bondholders promptly in accordance with Condition 17.

(d) *Entitlement of the Trustee*

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Bondholders as a class and, in particular but without limitation, shall not have regard to the consequences of the exercise of its trusts, powers or discretions for individual Bondholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory, and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

15 Enforcement

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed and the Bonds, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed or the Bonds unless (i) it shall have been so directed by an Extraordinary Resolution of the Bondholders or so requested in writing by the holders of at least one-quarter in principal amount of the Bonds then outstanding, and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Bondholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

16 The Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including relieving it from taking proceedings unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trustee may rely without liability to Bondholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Bondholders.

17 Notices

All notices regarding the Bonds will be valid if published in one leading daily newspaper in the United Kingdom (which is expected to be the *Financial Times*) or, if this is not possible, in one other leading English language newspaper with general circulation in Europe and (so long as the Bonds are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so permit or require) published either on the website of the Luxembourg Stock Exchange (www.bourse.lu) or in a leading daily newspaper with general circulation in Luxembourg (which is expected to be *the Luxemburger Wort*). The Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if required to be published in more than one newspaper or in more than one manner, on the date of the first such publication in all the required newspapers or in each required manner. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve.

18 Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further notes, bonds or debentures either having the same terms and conditions in all respects as the outstanding notes, bonds or debentures of any series (including the Bonds) or in all respects except for the first payment of interest on them and the first date on which Conversion Rights may be exercised and so that such further issue shall be consolidated and form a single series with the outstanding notes, bonds or debentures of any series (including the Bonds) or upon such terms as to interest, conversion, premium, redemption, form and

otherwise as the Issuer may determine at the time of their issue. Any further notes, bonds or debentures forming a single series with the outstanding notes, bonds or debentures of any series (including the Bonds) constituted by the Trust Deed or any deed supplemental to it shall, and any other notes, bonds or debentures may, with the consent of the Trustee, be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Bondholders and the holders of notes, bonds or debentures of other series in certain circumstances where the Trustee so decides.

19 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

20 Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed, the Agency Agreement and the Bonds and any non-contractual obligations arising out of or in connection with them (other than the creation and issue of C Shares upon exercise of Conversion Rights in respect of the Bonds, which shall be governed by, and shall be construed in accordance with, Swedish law) are governed by, and shall be construed in accordance with, English law.

(b) Jurisdiction

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed or the Bonds or any non-contractual obligations arising out of or in connection with them and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed or the Bonds or any non-contractual obligations arising out of or in connection with them (“**Proceedings**”) may be brought in such courts. The Issuer has in the Trust Deed 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. This submission is made for the benefit of the Trustee and 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).

(c) Agent for Service of Process

The Issuer has irrevocably appointed The Swedish Trade Council at its registered office for the time being, currently at Winchester House, 259-269 Old Marylebone Road, London NW1 5RA, as its agent in England to receive service of process in any Proceedings in England. Nothing herein or in the Trust Deed shall affect the right to serve process in any other manner permitted by law.