

**TERMS AND CONDITIONS FOR ASSA ABLOY AB'S CONVERTIBLE BONDS
SERIES 2006/2011:2 IN A MAXIMUM AMOUNT OF EUR 12,500,000**

1. DEFINITIONS

All references to the following designations shall have the meanings as stated below:

“Bank”	Société Générale S.A., 17 cours Valmy, 92987 Paris – La Défense Cedex, France;
“Business Day”	a day other than a Saturday or a Sunday on which commercial banks are open for general business (including dealings in foreign exchange and foreign deposits) in Luxembourg and Sweden and that is a TARGET Settlement Day, as this term is defined in the 2000 ISDA Definitions published by the International Swaps and Derivatives Association, Inc.;
“Company”	ASSA ABLOY AB (publ), corporate identity number 556059-3575;
“Conversion”	exchange of Convertible Bond(s) for Issuer Shares;
“Conversion Effective Date”	as defined in Section 5;
“Conversion Price”	the price at which Conversion of Convertible Bonds shall take place pursuant to Section 5;
“Convertible Bond”	such convertible Debt Obligation entitling to Conversion pursuant to Chapter 15 of the Swedish Companies Act (2005:551);

“Debt Obligation”	payment obligation of the Company according to these terms and conditions;
“EURIBOR”	the Euro-zone interbank offered rate per annum for deposits in euro with a 3 month designated maturity appearing on the appropriate page of the Reuters screen at or about 11.00 a.m. (Central European time) on the Interest Determination Date, or, if such rate is not available, the average (rounded upwards to five (5) decimal places with 0.00005 being rounded upwards) of the rates which each of the Reference Banks was offering to prime banks in the European interbank market for deposits in euro with a three (3) month designated maturity at or about 11.00 a.m. (Central European time) on the Interest Determination Date, , or, if on the Interest Determination Date, only one or none of the Reference Banks provides the Bank with such offered quotations, such rate as shall be determined by the Bank in accordance with prevailing market conditions and in consultation with the Company;
“Holder”	each holder of a Convertible Bond as registered in an account in the Company’s SRC register as a Holder, or as otherwise entitled to receive payment pursuant to a Debt Obligation registered on the account;
“Interest Determination Date”	the day that is two (2) Business Days prior to the first day of the relevant Interest Period, save for the last Interest Determination Date which shall be five (5) Business Days prior to the first day of the last Interest Period;
“Interest Payment Date”	the last day of each Interest Period, save for the last Interest

Payment Date, which shall be either (i) the Interest Payment Date of the second to last Interest Period, or (ii) in case of prior Conversions or early redemptions being made as provided in Section 7 sub-sections K, L or M, Section 11 or Section 15, the Maturity Date;

“Interest Period”

for each Convertible Bond, (i) for the first Interest Period, a period of three (3) months from (but excluding) the Subscription Date to (and including) the same day of the month as the Subscription Date that occurs during the third month following the month of the Subscription Date, (ii) in respect of the following Interest Periods, each period of three (3) months beginning on (but excluding) the last day of the previous Interest Period to (and including) the same day of the month as the Subscription Date that occurs during the third month following the month of the last day of the previous Interest Period and (iii) in respect of the last Interest Period, a period beginning on (but excluding) the last day of the previous Interest Period and ending on the Maturity Date (including);

“Issuer Shares”

as defined in Section 5;

“Issuing Agent”

Skandinaviska Enskilda Banken AB (publ),
SE-106 40 Stockholm, Sweden;

“Maturity Date”

date on which the Debt Obligation under this Convertible Bond will mature, which shall be the fifth anniversary of the Subscription Date and except to the extent of prior Conversions or early redemptions being made as provided in Section 7 K, L or M, Section 11 or Section 15, in which case

the Maturity Date shall be the Conversion Effective Date or the date on which early redemption shall occur in accordance with said terms, as the case may be;

“Reference Banks”	each of the Bank, Skandinaviska Enskilda Banken and ABN AMRO acting through their principal office (or other relevant office) located within the participating member states of the European Union or, in the event that any such bank shall be unable or unwilling to act as a Reference Bank, such other bank or banks as will be appointed by the Bank in consultation with the Company;
”SRC”	the Swedish Securities Register Centre (Sw. <i>VPC AB</i>);
“Subscription Date”	the date on which the Convertible Bond is subscribed and paid for.

2. LOAN AMOUNT, MATURITY DATE, INTEREST RATE AND DEBT OBLIGATION

The Debt Obligation under this Convertible Bond will be limited to a maximum principal amount of EUR twelve million fivehundredthousand (EUR 12,500,000). The Debt Obligation will rank *pari passu*, and without any preference among themselves, with other un-subordinated and unsecured obligations of the Company.

The Debt Obligation will mature on the Maturity Date.

The Debt Obligation shall as from (but excluding) the Subscription Date until (and including) the Maturity Date, bear an interest per annum corresponding to ninety per cent. (90%) of the sum of (i) EURIBOR plus (ii) 0.45 per cent. (0.45%) (the “interest rate”). The

interest amount shall be calculated on the actual number of days elapsed during the Interest Period over three hundred sixty (360) days.

The Bank shall calculate the interest rate and the interest amount for each Interest Period on the Interest Determination Date. As far as the last Interest Period is concerned (and except in the event of prior Conversions or early redemptions pursuant to Section 7 sub sections K, L or M, Section 11 or Section 15), the interest rate and the interest amount, shall be prepaid, on the Interest Payment Date of the second to last Interest Period and shall be calculated by the Bank, on the Interest Determination Date, based on a full three-month interest period.

Immediately after such calculation, the Bank shall send a notice regarding the interest rate and the interest amount to the Company and each person registered in the Company's SRC register as Holder or otherwise entitled to receive interest.

The Company hereby assumes the Debt Obligation and undertakes to make payments in accordance with the terms and conditions stated herein.

Should a Holder with respect to the last Interest Period and pursuant to the pre-payment of interest made by the Company (in the conditions set out in Section 2 paragraph 4 above), receive on the Interest Payment Date, an interest payment which is higher than the interest amount due when calculated as set forth in this Section 2 paragraph 3 above, the Holder shall repay the net amount to the Company at the latest on the fifth anniversary of the Subscription Date.

Should a Holder with respect to the last Interest Period and pursuant to the non-prepayment of interest for the last Interest Period (due to prior Conversions or early redemptions being made as provided for in Section 7 K, L or M, Section 11 or Section 15), receive an interest payment which is lower than the interest amount due when calculated as set forth in this Section 2 paragraph 3 above, the Company shall compensate such shortfall to the Holder immediately upon request.

3. ACCOUNT-KEEPING INSTITUTION, REGISTRATION ETC.

The Debt Obligation shall be registered with the SRC in a control register according to Chapter 4 of the Act (1998:1479) on Account-keeping of Financial Instruments, and therefore, no certificates will be issued.

The nominal principal amount of each unit of Convertible Bonds shall be EUR six hundred twenty five (EUR 625).

The Debt Obligation will be registered on behalf of each Holder in an account in the Company's SRC register. Registrations, with respect to this Convertible Bond, following Conversion pursuant to Section 5 below, shall be effected by the Issuing Agent. Other registration actions concerning the account may be made by the account-keeping institution of the Holder.

4. PAYMENT OF INTEREST AND REPAYMENT OF PRINCIPAL

The interest amount and the principal will be paid or repaid as the case may be, by the SRC to parties who are registered in an account in the Company's SRC register as a Holder or as otherwise entitled to receive interest amount and payment of principal on the fifth Business Day prior to the relevant Interest Payment Date or the Maturity Date, as the case may be, or on such Business Day closest to the Interest Payment Date or Maturity Date, as the case may be, as such date may generally come to be applied on the Swedish securities market (the "Record Date for Payment").

If a Holder has via an account-keeping institution registered that the interest amount and principal should be paid in a specific bank account, such payment will be made by the SRC on the Interest Payment Date or the Maturity Date, as the case may be. In the absence of such a registration, the SRC will transmit the payment of the interest amount and of

principal on the Interest Payment Date or the Maturity Date to the address of such Holder as registered with the SRC on the Record Date for Payment.

If the SRC is unable to pay the interest amount or principal on an Interest Payment Date or on the Maturity Date, as the case may be, due to a delay on the part of the Company or due to other hindrance, the interest amount and principal, respectively, will be paid by the SRC as soon as such hindrance has ceased to exist, to the Holder or to the person otherwise entitled to receive interest amount and payment of principal on the Record Date for Payment.

An interest amount is payable in respect of an Interest Period on each Interest Payment Date, subject, however to delay due to such hindrance as described in Section 17 below.

Should the Company fail to provide the SRC in due time with funds for payment of the interest amount or principal on the relevant Interest Payment Date or on the Maturity Date, as the case may be, interest shall accrue on the interest amount and the principal amount, respectively, at the interest rate as set forth in Section 2 above plus 1.5 per cent. from the due date for payment up to and including the Business Day upon which funds shall have been made available to the SRC not later than 10.00 a.m Central European Time.

If an Interest Payment Date or the Maturity Date, as the case may be, falls on a day which is not a Business Day, it shall be postponed to the immediately following Business Day unless such day would thereby fall in the next calendar month, in which event such Interest Payment Date or the Maturity Date shall be brought forward to the immediately preceding Business Day.

5. **CONVERSION**

Holders shall have the right (i) during the period commencing a hundred and eighty (180) calendar days prior to the fifth anniversary of the Subscription Date up to and including fourteen (14) calendar days prior to the fifth anniversary of the Subscription Date, or (ii) during the period during which Conversion is possible under Section 7, sub-section K, L or M or Section 15 below, to request the Conversion of their claims under the Debt Obligation into new ordinary shares of series B in the share capital of the Company (the “Issuer Shares”).

The Conversion Price per Issuer Share shall be an amount equivalent to 120 percent of the average final transaction price for shares of series B of the Company as quoted on the official stock exchange list at the Stockholm Stock Exchange AB (Sw. *Stockholmsbörsen AB*) on each day during five (5) Business Days prior to the Subscription Date. In the absence of a transaction price quoted, the transaction price quoted on the Stockholm Stock Exchange AB as the final bid price shall instead be included in the calculation. Dates on which there is neither a quotation of transaction price nor a bid price shall not be included in the calculation. The calculated Conversion Price shall be rounded to the nearest whole number of Swedish ören, whereby a half öre shall be rounded downwards.

Upon Conversion, the Conversion Price shall be recalculated into EUR by applying the exchange fixing rate for SEK/EUR quoted by the Swedish commercial banks on the Subscription Date, however, provided that such recalculation shall be made only to the extent possible without the Conversion Price being less than the par value of an Issuer Share in the Company. The EUR Conversion Price so re-calculated shall be rounded to the nearest whole 0.10 EUR whereupon 0.05 EUR shall be rounded downwards.

Upon Conversion, one (1) Issuer Share shall be obtained for each full amount equivalent to the recalculated Conversion Price of the total nominal principal amount of the Convertible Bonds, registered in the applicable account for Convertible Bonds that one and the same Holder wishes to convert at the same time. If this amount is not a multiple of the

Conversion Price, the exceeding amount shall be paid in cash in EUR, provided that is technically possible at the time of payment, otherwise in SEK.

When a request for Conversion is made, a registration form duly completed as specified by the Company shall be filed with the Issuing Agent or such another account-keeping institute of the Holder, for forwarding to the Issuing Agent.

Conversion is effected by the Issuer Shares being recorded as interim shares in the share register of the Company kept by SRC (the date on which such event occurs in respect of a Convertible Bond is a "Conversion Effective Date" in respect of such Convertible Bond). Any excess cash amount due pursuant to the paragraphs above will be paid thereafter. Once registration has taken place at the Swedish Companies Registration Office, the registration in the share accounts will become final. As described in Section 7 below, such final registration may be deferred in certain cases.

6. DIVIDEND ON CONVERSION

Shares issued upon Conversion carry rights to dividends commencing from and including the record date for dividends, which falls immediately after the Conversion Effective Date.

7. RECALCULATION OF THE CONVERSION PRICE ETC.

The following shall apply with respect to the rights of Holders in the situations described below. Immediately after such recalculation the Issuing Agent shall send a notice regarding the recalculated amount to the Company, the Bank and each person registered in the Company's SRC register as Holder or otherwise entitled to receive interest.

- A. If the Company effects a bonus issue of shares, Conversion requested on a date that does not permit it to be effected prior to or on the tenth calendar day preceding the General Meeting of Shareholders held to approve the issue will not be effected until after the Meeting has approved the issue. Shares issued

upon Conversions effected following approval of the bonus issue shall be entered in the account on an interim basis and shall not be entitled to participate in the issue. Final registration of such shares in the securities account takes place after the record date for the bonus issue.

In connection with Conversions effected following approval of the bonus issue, an adjusted Conversion Price shall be applicable. The adjustment is made by the Issuing Agent in accordance with the following formula:

$$\text{adjusted Conversion Price} = \frac{\text{preceding Conversion Price} \times \text{number of shares prior to bonus issue}}{\text{number of shares following the bonus issue}}$$

The adjusted Conversion Price as calculated above shall be determined by the Issuing Agent as soon as possible after the General Meeting of Shareholders' decision regarding the bonus issue, but is first applicable to Conversions effected after the record date for the bonus issue.

- B. If the Company effects a consolidation or a split of its shares, sub-section A above shall apply correspondingly, in which case the record date shall be considered to be the date upon which such consolidation or split is registered at the SRC at the request of the Company.
- C. If the Company issues new shares - with preferential rights to its shareholders to subscribe for new shares for cash or offset against a claim - the following shall apply with respect to the rights to participate in the new issue that accrue to shares arising from the Conversion:
 - 1. If the new issue is resolved by the Board of Directors subject to the approval of the General Meeting of Shareholders or as authorized by the Meeting, the Board's resolution and the announcement of the new issue shall specify the latest date when Conversion shall have to have been

effected in order for shares issued upon Conversion to have rights to participate in the new issue. Such date may not be earlier than the tenth calendar day following the date of the notice.

2. If the new issue is to be approved by the General Meeting of Shareholders, Conversion - requested on a date such that Conversion cannot be effected at the latest on the tenth calendar day prior to the date of the General Meeting of Shareholders that approves the new issue - will not be effected until the Issuing Agent has set the adjusted Conversion Price in accordance with the second last paragraph of this sub-section C. Shares issued upon such Conversions will be entered in the securities account on an interim basis, and shall not entitle the Holders to participate in the new issue.

In connection with Conversions effected on a date such that rights to participate in the new issue do not accrue, an adjusted Conversion Price shall be applied. The adjustment shall be made by the Issuing Agent in accordance with the following formula:

$$\text{adjusted Conversion Price} = \frac{\text{preceding Conversion Price} \times \text{the average market price of the shares during the subscription period specified in the resolution authorizing the issue (the average share price)}}{\text{average share price increased by the theoretical value of the subscription right based on such price}}$$

The average price of the share shall be considered to correspond to the average of the mean of the highest and lowest prices paid each trading day in transactions as recorded in the Stockholm Stock Exchange AB's official list of prices during the subscription period. In the absence of a quotation of paid price, the last bid price quoted shall be used in the calculation. If neither a paid price nor a bid price is quoted on a given day, that day shall be excluded from calculation of the average share price.

The theoretical value of subscription rights is calculated in accordance with the following formula:

$$\text{value of subscription rights} = \frac{\text{maximum number of new shares that can be issued according to the resolution approving the new issue} \times (\text{average share price minus the price at which the new shares are being issued})}{\text{number of shares outstanding prior to the resolution authorizing new shares}}$$

If a negative value arises in connection with this calculation, the theoretical value of the subscription rights shall be fixed at zero.

The adjusted Conversion Price calculated and described above shall be set by the Issuing Agent two (2) Business Days following the expiration of the subscription period and shall be applied in any Conversion effected thereafter.

During the period until the adjusted Conversion Price is set, only a preliminary Conversion shall be effected, in connection with which the number of full shares according to the as yet unadjusted Conversion Price shall be recorded in the securities account on an interim basis. In addition, a special note shall be made to the effect that the Convertible claim according to the adjusted Conversion Price can carry the right to further shares and/or a cash sum pursuant to the fourth paragraph of Section 5 above. Final registration in the securities account shall occur after the adjusted Conversion Price has been established.

- D. If the Company effects - with preferential rights for the shareholders and in return for cash payment or offset against a claim - an issue as referred to in Chapter 14 or 15 of the Swedish Companies Act, the provision in sub-section C, first paragraph, 1 and 2, shall apply correspondingly to the right of shares issued upon Conversion to participate in such issue.

In connection with Conversion effected on a date such that rights to participate in the issue do not accrue, an adjusted Conversion Price shall apply. The adjustment shall be made by the Issuing Agent in accordance with the following formula:

$$\text{adjusted Conversion Price} = \frac{\text{preceding Conversion Price} \times \text{average market price of the shares during the subscription period specified in the resolution authorizing such issue (average share price)}}{\text{average share price increased by the value of subscription rights}}$$

The average share price is calculated as stated in sub-section C above.

The value of subscription rights shall be considered to correspond to the average of the mean of the highest and the lowest prices paid for such rights each trading day in transactions as recorded in Stockholm Stock Exchange AB's official list of prices during the subscription period. In the absence of a quotation of a paid price, the last bid price quoted shall be included in the calculation. If neither a paid price nor a bid price is quoted on a given day, that day shall be excluded from calculation of the value of subscription rights.

The adjusted Conversion Price calculated and described above shall be set by the Issuing Agent two (2) Business Days following expiration of the subscription period and shall be applied in connection with Conversions effected thereafter.

In connection with a Conversion effected during the period until the adjusted Conversion Price is set, the rules stated in sub-section C, in the last paragraph, shall apply correspondingly.

- E. Should the Company, in cases other than those set forth in sub-sections A through D above, make an offer to its shareholders to acquire on a preferential basis securities or rights of any type from the Company in accordance with the principles stated in Chapter 13, Section 1 of the Swedish Companies Act or decide to distribute, in accordance with the above mentioned principles, such securities or rights to shareholders without consideration, an adjusted Conversion Price shall be applied in connection with Conversions requested at any time such that the shares received do not carry rights to participate in the offer or distribution. The adjustment shall be made by the Issuing Agent in accordance with the following formula:

$$\text{adjusted Conversion Price} = \frac{\text{preceding Conversion Price} \times \text{average market price of the shares during the application period specified in the offer (average share price)}}{\text{average share price increased by the value of rights to participate in the offer or distribution (purchase rights)}}$$

The average share price is calculated as stated in sub-section C above.

In the event that shareholders receive purchase rights and trading of such rights has occurred, the value of the right to participate in the offer shall be considered to correspond to the purchase right value. The value of the purchase right shall be considered to correspond to the average of the mean of the highest and lowest prices paid for such rights each trading day in transactions as recorded in the Stockholm Stock Exchange AB's official list of prices during the subscription period. In the absence of a quotation of a paid price, the last bid price quoted shall be included in the calculation. If neither a paid price nor a bid price is quoted on a given day, that day shall be excluded from the calculation of the value of the purchase rights.

In the event that shareholders have not received purchase rights or otherwise such trading in purchase rights as referred to in the preceding paragraph has

not occurred, the adjustment of the Conversion Price shall be calculated by applying as far as possible the principles set forth above in sub-section E herein, whereby the following shall apply. If a listing occurs of the securities or rights offered shareholders, the value of the right to participate in the offer shall be considered to correspond to the average of the prices paid for such security or right on each trading day during twentyfive (25) trading days from and including the first day for listing calculated as the mean of the highest and lowest paid prices recorded for transactions in these securities or rights on the Stockholm Stock Exchange AB, less any consideration that is paid for these in conjunction with the offer. In the absence of a quotation of a paid price, the last bid price quoted shall be included in the calculation. If neither a paid price nor a bid price is quoted on a given day, that day shall be excluded from the calculation of the value of the purchase rights. When calculating the adjustment of the Conversion Price in accordance with this paragraph, the said period of twentyfive (25) trading days shall be deemed to correspond to the application period specified in the offer referred to in the first paragraph in this sub-section E above.

Should such listing not occur, the value of the right to participate in the offer shall be determined as far as possible based on the change in the market price of the Company's shares that can be considered to have arisen as a consequence of the offer.

The Conversion Price adjusted in the manner described above shall be set by the Issuing Agent as soon as possible following expiration of the offering period and shall be applied in Conversions effected after the adjusted price has been set.

In connection with Conversions effected during the period until the adjusted Conversion Price has been set, the rules stated in sub-section C, last paragraph above, shall apply correspondingly.

- F. If it is decided to pay a cash dividend to shareholders such that the shareholders receive, combined with other dividends paid during the same fiscal year, a total dividend exceeding fifteen (15) percent of the average price of the share during a period of twentyfive (25) trading days immediately preceding the day on which the Board of Directors announced its intention to propose that the General Meeting of Shareholders approve such a dividend, shall, for Conversions requested at such time when the shares received in such event do not carry rights to receive the such dividend, an adjusted Conversion Price shall be applied. The adjustment shall be based upon such part of the total dividend which exceeds fifteen (15) percent of the average price of the shares during the above period (extraordinary dividend). The adjustment shall be made by the Issuing Agent in accordance with the following formula:

$$\text{adjusted Conversion Price} = \frac{\text{preceding Conversion Price} \times \text{the average market price of the shares during a period of 25 trading days calculated from and including the day the shares are listed ex-rights to the extraordinary dividend (average share price)}}{\text{average share price increased by the extraordinary dividend paid per share}}$$

The average price of the share shall be considered to correspond to the average of the mean of the highest and lowest prices paid each trading day during the above stated period of twentyfive (25) trading days in accordance with the official price list of the Stockholm Stock Exchange AB. In the absence of a quotation of a paid price, the last bid price quoted shall be used in the calculation. If neither a paid price nor a bid price is quoted on a given day, that day shall be excluded from the calculation.

The adjusted Conversion Price calculated and described above shall be set by the Issuing Agent two Business Days after the close of such period of twentyfive (25) trading days beginning on the date when the shares were listed

ex-rights to the extraordinary dividend and shall be applied in Conversions effected thereafter.

Has Conversion been requested but, due to the provisions in Section 5 above, final registration in the securities account not been made, it shall be specially noted that the Convertible claim according to the adjusted Conversion Price can carry the right to further shares and/or a cash sum pursuant to the fourth paragraph of Section 5 above. Final registration in the share account shall occur after the adjusted Conversion Price has been established, however at earliest at the time set forth in Section 5 above.

- G. If the Company's share capital shall be reduced through a repayment to its shareholders, and the reduction is compulsory, an adjusted Conversion Price shall be applied. The adjustment shall be made by the Issuing Agent in accordance with the following formula:

$$\text{adjusted Conversion Price} = \frac{\text{preceding Conversion Price} \times \text{average market price of the shares during a period of 25 trading days beginning on the date when the shares were quoted without repayment rights (average share price)}}{\text{average share price increased by the amount being repaid per share}}$$

The average share price shall be calculated as stated in sub-section C above.

When making adjustment in accordance with the above, where the reduction is carried out through a redemption of shares, instead of using the actual amount which is repaid for each share, an amount calculated as follows shall be applied:

$$\frac{\text{the actual amount repaid for each redeemed share reduced by the average market price of the shares during a period of 25 trading days}}{\text{average share price increased by the amount being repaid per share}}$$

$$\text{calculated amount to be repaid for each share} = \frac{\text{immediately prior to the day on which the shares were quoted without repayments rights (average share price)}}{\text{the number of shares of the Company which entitle the redemption of one share reduced by 1}}$$

The average share price shall be calculated as stated in sub-section C above.

The adjusted Conversion Price calculated and described above shall be set by the Issuing Agent two (2) Business Days following the expiration of the stated period of twentyfive (25) trading days and shall be applied in connection with Conversions effected thereafter.

In connection with a Conversion effected during the period until the adjusted Conversion Price is set, the rules stated in sub-section C, last paragraph, shall apply correspondingly.

If the Company's share capital shall be reduced through a redemption of shares with repayment to the shareholders, and the reduction is not compulsory, but, where, in the Issuing Agent's opinion, in consideration of its technical design and financial effects, is equivalent to a reduction which is compulsory, the Conversion Price shall be adjusted by applying, to the greatest extent possible, the rules stated in this sub-section G.

- H. If it is decided that the Company shall repurchase own shares in accordance with Chapter 19, Section 13 of the Swedish Companies Act, where the repurchase, in the Issuing Agent's opinion, in consideration of its technical structure and financial effects, is equivalent to a compulsory reduction of the Company's share capital, the Conversion Price shall be adjusted by applying, to the greatest extent possible, the rules stated in sub-section G above.

- I. Should the Company take actions such as those stipulated in sub-sections A through H above and if, in the Issuing Agent's opinion, application of the Conversion formula established for such action, taking into account the technical framework of such action or for other reasons, could not occur or would result in the Holders receiving, in relation to the shareholders, economic compensation that is not reasonable, the Issuing Agent shall, subject to prior written approval by the Board of Directors of the Company, make the adjustment of the Conversion Price in such a manner that the Issuing Agent determines is appropriate to ensure that the adjustment of the Conversion Price gives a reasonable result.
- J. In adjusting the Conversion Price as described above, the price shall be rounded to two (2) decimals, with 0.5 öre rounded downwards.
- K. If it is decided that the Company is to enter into liquidation, pursuant to Chapter 25 of the Swedish Companies Act, Conversion may not be requested thereafter, regardless of the grounds for liquidation. The right to request Conversion ceases simultaneously with the decision to liquidate, notwithstanding the fact that the decision may not have come into legal force. However, Holder has the right, in such cases, to demand immediate payment of the principal amount of the Debt Obligation plus accrued interest to the date of payment. If the decision to liquidate is made at a General Meeting of Shareholders, this right becomes effective on the day following the Meeting or otherwise on the day following the date on which the court order or liquidation has come into legal force. Within a week thereafter, the Company, as provided in Section 13 below, shall notify the Holders in writing, advising them of their right to demand immediate payment.

Not later than two (2) months before the General Meeting of Shareholders determines whether the Company should enter into voluntary liquidation, as provided in Chapter 25, Section 1 of the Swedish Companies Act, the Holders

shall be informed, as provided in Section 13 below, of the planned liquidation. The notice shall include a reminder that Conversion may not be requested after the Meeting has voted to liquidate.

If the Company gives notice of planned liquidation as stated above, Holders are - notwithstanding the provisions of Section 5 above regarding the earliest time for requesting Conversion - entitled to request Conversion from the date when the notice was issued, provided that Conversion can be effected not later than the tenth calendar day prior to the General Meeting of Shareholders at which the issue of the Company's liquidation is to be considered.

- L. If the General Meeting of Shareholders shall approve a merger agreement, in accordance with Chapter 23, Section 15 of the Swedish Companies Act, whereby the Company would become part of another company, Conversion may not thereafter be requested.

However, the Holder has the right, during a period of two (2) months from the date of such approval, to demand immediate payment of the principal amount of the Debt Obligation, plus interest accrued to the date of payment.

The Company shall notify the Holders, advising them of this right, not later than one (1) week following the beginning of such period, as specified in Section 13 below. Nothing contained herein shall impair rights that may legally accrue to the Holders in their capacity as creditors in conjunction with a merger.

Not later than two (2) months prior to the time the Company takes a final decision on the matter of a merger as described above, the Holders shall be informed as provided in Section 13 of such merger plans. The notice shall present a report on the principal terms of the planned merger agreement and shall remind the Holders that Conversion may not be requested once the

merger has been fully approved in accordance with that stated in the first paragraph above.

Should the Company give notice of the planned merger as stated above, the Holders shall - notwithstanding the provisions of Section 5 above regarding the earliest time for requesting Conversion - have the right to request Conversion from the date when the notice of the merger plans was issued, provided that Conversion can be effected not later than the tenth calendar day prior to the General Meeting of Shareholders at which the merger agreement, whereby the Company shall become part of another company, is to be approved.

- M. Should the Board of Directors, in accordance with Chapter 23, Section 6 of the Swedish Companies Act, conclude a merger agreement, or the Company's shares become subject to compulsory acquisition pursuant to Chapter 22 of the same act, the following shall apply.

If a Swedish limited liability stock company owns all shares outstanding in the Company, and the Board of Directors announces its intention of concluding a merger agreement in accordance with the stipulations in the Act cited in the preceding paragraph, the Company shall in the event that the final day for Conversion pursuant to Section 5 above occurs after such announcement, determine a new final day for requests for Conversion ("closing date"). The closing date shall fall within sixty (60) days from the date of the announcement.

If a shareholder ("the majority holder"), solely or with subsidiaries, holds shares to such an extent in the Company that the majority holder, pursuant to from time to time applicable legislation, have the right to require compulsory acquisition of the remainder shares in the Company, and the majority holder announces its intention to require such compulsory acquisition, the provisions

set forth in the preceding paragraph regarding the closing date shall be applied correspondingly.

However, Holders have the right during a period of sixty (60) days from the date of such announcement stated above in this sub-section M to demand immediate payment of the principal amount of the Debt Obligation, plus interest accrued to and including the date of payment.

If public notice has been given in accordance with that stated above in this sub-section, notwithstanding the provisions of Section 5 above with respect to the earliest date to request Conversion, the Holders shall have the right to request Conversion up to and including the closing date. At least four (4) weeks prior to the closing date, the Company shall, by giving notice in accordance with Section 13 below, notify Holders of such right and that Conversion may not be requested after the closing date. In addition, the Holders shall be notified of their right to request immediate payment in accordance with that stated in the preceding paragraph.

- N. Notwithstanding the provisions of sub-sections K, L and M above to the effect that Conversion may not be requested after a decision is made to liquidate, approval is given for a merger agreement or the expiration of a new closing date upon merger, rights to request Conversion shall be reinstated in cases when the liquidation is revoked or the agreement to merge is not implemented.
- O. In the event the Company goes into bankruptcy, Conversion may not be requested from that point onwards. If, however, the bankruptcy decision is revoked by a higher court of law, Conversion may again be requested.

8. SPECIAL UNDERTAKINGS BY THE COMPANY

The Company undertakes to consult with the Issuing Agent and the Bank well in advance before the Company takes such measures as are described in Section 7 above.

The Company further undertakes not to take any measures described in Section 7 above that will result in a recalculation of the Conversion Price to an amount less than the nominal value of one share in the Company.

9. STATUTE OF LIMITATIONS

All rights to receive payment of principal shall cease ten (10) years from the Maturity Date of the Debt Obligation. The right to receive payment of interest shall cease three (3) years after each relevant Interest Payment Date. Unclaimed interest amounts or principal amounts in respect of which rights to receive payments have ceased shall return to the Company.

10. RIGHT TO REPRESENT THE HOLDERS

In accordance with Swedish law, without requiring special authorisation from the Holders, the Bank has the right, in and out of court or with respect to executive authorities, to represent the Holders in all matters of a formal nature related to this Convertible Bond.

11. ACCELERATION OF DEBT OBLIGATION

Holders representing more than fifty (50) percent of the total outstanding Debt Obligation shall be entitled to declare the Debt Obligation and interest due for payment immediately, (a) if the Company fails to pay an interest amount in due time, or the Company in any other respect does not perform any of its obligations hereunder – or otherwise acts in violation hereof – provided that the Company has been requested by any means to take corrective action and the Company has not within fifteen (15) calendar days after the

request made such correction, or (b) if (x) the Company or (y) a company of the same group as the Company representing more than five (5) percent of the aggregate assets or turnover of the group, does not perform a payment obligation being due in respect of indebtedness for borrowed money, bonds, debentures, notes or similar instruments to any third party or the Bank within fifteen (15) calendar days from the date when the Company or the relevant group company failed to perform such payment obligation, provided that the capital amount of such payment obligation amounts to at least EUR twenty-five (25) million or the equivalent in another currency.

12. DISTRIBUTION OF AVAILABLE FUNDS

If an interest amount and/or the principal of the Debt Obligation have become due for payment and should the sums paid by the Company not suffice for payment thereof, such sums shall – pro-rata – be allocated first for payment of the interest and second for payment of the principal. Before payment of interest or the principal takes place, the Holders are entitled to payment of charges due, commissions, costs and remunerations from available funds, for which the Company is liable in connection with this Convertible Bond.

13. NOTIFICATIONS

Notices concerning this Convertible Bond shall promptly be given to each Holder or other rightful owner of rights registered in the Company's SRC. If this Convertible Bond is registered at the Stockholm Stock Exchange AB, a notification shall also be published in at least one (1) daily newspaper in Stockholm and be given to the Stockholm Stock Exchange AB and the Swedish Central News Agency (Sw. *Tidningarnas Telegrambyrå*).

14. NOMINEES

A person who, according to Chapter 5, Section 14, of the Swedish Companies Act, has the permission to act on behalf of a Holder shall be registered in the Company's share register,

and be entitled to be registered in an account as Holder. Such nominee shall be entitled to receive the interest payments that otherwise would have been sent to the Holder, and shall also otherwise be considered as a Holder in applying the terms and conditions of this Convertible Bond.

15. CHANGE IN TERMS AND CONDITIONS

The Bank and the Issuing Agent shall act independently in accordance with the terms and conditions of this Convertible Bond and in accordance with the rules, regulations and generally accepted practices of the Swedish securities market, including *inter alias* relevant regulations of the SRC.

The Bank shall on behalf of the Holders be entitled to make arrangements with the Company on changes in the terms of this Convertible Bond insofar as such changes are required by legislation, a decision by a court or if an authority so demands or if, in the opinion of the Bank, for practical reasons otherwise is appropriate or necessary and the Holders' rights are not in any material respect adversely affected.

Issuing Agent shall also comprise any other bank or investment bank or account-keeping institution, respectively, which the Company appoints to act as Issuing Agent, respectively, in accordance with these conditions and applicable regulations.

16. SECRECY

The Company, the Bank, the Issuing Agent and the SRC must not without due authorisation, disclose to a third party information regarding a Holder. The Company is entitled to retrieve information from the Company's SRC register regarding a Holder of a debenture.

**17. LIMITATION OF LIABILITY OF THE BANK, THE ISSUING AGENT
AND THE SRC**

None of the Bank, the Issuing Agent or the SRC – in the case of the SRC, subject to the provisions of the Swedish Act on Account-keeping of Financial Instruments – shall be liable for loss or damage arising due to a Swedish or foreign legal decree, Swedish or foreign action by public authority, war, strike, blockade, boycott and lockout or any similar circumstances. This shall apply even if the Bank, the Issuing Agent or the SRC itself undertakes or is subject to such actions.

None of the Bank, the Issuing Agent or the SRC shall be obligated to provide compensation for loss or damage arising if and to the extent the Bank, Issuing Agent and the SRC, as the case may be, have exercised normal prudence. The Bank shall never be liable for indirect damages.

In case the Issuing Agent or the SRC is prevented from making payment or taking other action due to circumstances as those described in the first paragraph, such action may be deferred until the hindrance has ceased. In case of a postponed payment, the Company shall pay interest according to the interest rate applicable referred to in Section 2 paragraph 3 above on the due date.

18. GOVERNING LAW

This Convertible Bond and any legal matters related hereto shall be governed by and construed in accordance with Swedish substantive law. Disputes concerning the Convertible Bond shall be settled at the Stockholm District Court or such other forum as approved in writing by the Company.
