

BASE PROSPECTUS

Kommuninvest i Sverige Aktiebolag (publ) (incorporated with limited liability in the Kingdom in Sweden)

€20,000,000,000

Note Programme Guaranteed by certain county councils of Sweden and certain municipalities of Sweden

On 2 September 1993 the Issuer (as defined below) entered into a U.S.\$1,500,000,000 Note Programme (the **Programme**) and issued a prospectus on that date describing the Programme. This document (the **Base Prospectus**) supersedes any previous prospectus. Any Notes (as defined below) issued under the Programme on or after the date of this Base Prospectus are issued subject to the provisions described herein. This does not affect any Notes issued before the date of this Base Prospectus.

Under this €20,000,000,000 Note Programme (the **Programme**) Kommuninvest i Sverige Aktiebolag (publ) (the **Issuer**) may from time to time issue notes (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer(s) (as defined below).

The Notes may be issued in bearer or registered form (respectively the Bearer Notes and the Registered Notes).

Each Series (as defined on page 38) of Notes will be guaranteed by certain county councils of Sweden and certain municipalities of Sweden. The final terms (the **Final Terms**) applicable to each Tranche (as defined on page 38) of Notes will specify the Guarantor (as defined in the terms and conditions of the Notes) in relation to that Tranche as of the issue date of that Tranche. However, other county councils and municipalities of Sweden may subsequently become Guarantors under the Guarantee (as defined herein). The Guarantee will be in, or substantially in, the form set out in Schedule 5 to the Agency Agreement (as defined on page 37). As at the date hereof the Guarantee has already been given jointly and severally by 244 county councils and municipalities of Sweden. For further information on the Guarantors at the date hereof see "Ownership and Guarantee" on page 75.

Subject as set out herein, the Notes will not be subject to any minimum or maximum maturity and the maximum aggregate nominal amount of all Notes from time to time outstanding will not exceed €20,000,000,000 (or its equivalent in other currencies calculated as described herein).

The Notes will be issued on a continuing basis to one or more of the Dealers specified on page 10 and any additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a **Dealer** and together the **Dealers**).

An investment in Notes issued under the Programme involves certain risks. For a description of these risks see "Risk Factors".

Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme up to the expiry of 12 months from the date of this Base Prospectus to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange.

References in this Base Prospectus to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to trading on the Luxembourg Stock Exchange's regulated market and have been listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under **Terms and Conditions of the Notes**) of Notes will be set out in the applicable Final Terms which, with respect to Notes to be listed, will be filed with the Luxembourg Stock Exchange.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

Neither the Notes nor the Guarantee have been or will be registered under the Securities Act of 1933 of the United States, as amended (the **Securities Act**) or any U.S. State securities laws and may not be offered or sold in the United States or to, or for the account or the benefit of, U.S. persons (as defined in Regulation S under the Securities Act (**Regulation S**)), unless an exemption from the registration requirements of the Securities Act is available and the offer or sale is made in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. The Notes may be offered and sold (a) in bearer form or registered form outside the United States to non-U.S. persons in reliance on Regulation S and (b) in registered form in the United States and to U.S. persons to persons who are both "qualified institutional buyers" (**QIBs**) within the meaning of and in reliance on Rule 144A under the Securities Act (**Rule 144A**) and "qualified purchasers" (**QPs**) within the meaning of Section 2(a)(51)(A) of the U.S. Investment Company Act of 1940, as amended (the **Investment Company Act**), and the rules and regulations thereunder. Prospective purchasers who purchase under (b) above are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. The Issuer has not registered and does not intend to register, and no guarantor of the Notes is expected to register, as an investment company under the Investment Company Act, in reliance on the exemption provided by Section 3(c)(7) thereof. For a description of these and certain further restrictions on offers, sales and transfers of Notes and distributions of this Base Prospectus see "*Subscription and Sale and Transfer and Selling Restrictions*".

Unless otherwise provided in the applicable Final Terms, the Notes of each Tranche (except Notes which are to be cleared through the Swedish Central Securities Depository & Clearing Organisation, Euroclear Sweden AB (**Euroclear Sweden**) or Registered Notes) will initially be represented by a temporary global Note which will be deposited on the issue date thereof with either a common depository (if the temporary global Note is not issued in new global note form) or a common safekeeper (if the temporary global Note is issued in new global note form), in either case on behalf of Euroclear Bank S.A./N.V. (**Euroclear**), and Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**) and which will be exchangeable, as specified in the applicable Final Terms, for either a permanent global Note or Notes in definitive form, in each case upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations. A permanent global Note will be exchangeable for definitive Notes upon request all as further described in "*Form of the Notes*" herein. The Notes of each Tranche cleared through Euroclear Sweden will be issued in registered form in accordance with the Swedish Financial Instruments Accounts Act (SFS 1998:1479), as amended (**Swedish Registered Notes**).

The Programme is rated by Moody's Investors Service Limited and by Standard and Poor's Rating Services, a division of the McGraw Hill Companies Inc. Tranches of Notes issued under the Programme may be rated or unrated. Where a tranche of Notes is rated, such rating will not necessarily be the same as the rating assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which case a supplementary Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Arranger
BofA Merrill Lynch

Dealers

BofA Merrill Lynch
Commerzbank
Deutsche Bank
Mizuho International plc
Nomura International

Citi
Daiwa Capital Markets Europe
J.P. Morgan
Morgan Stanley
UBS Investment Bank

The date of this Base Prospectus is 14 June 2011.

The Issuer having made all reasonable enquiries, confirms that this Base Prospectus contains all information with respect to itself, the Guarantors set out on pages 75 to 81 and the Notes which is material in the context of the Programme, that the information contained in this Base Prospectus is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Base Prospectus are honestly held and that there are no other facts the omission of which would make any of such information or the expression of any such opinions or intentions misleading. The Issuer confirms that each Final Terms will be true and accurate in all material respects.

Subject as provided in the applicable Final Terms, the only persons authorised to use this Base Prospectus (and, therefore, acting in association with the Issuer) in connection with an offer of Notes are the persons named in the applicable Final Terms as the relevant Dealer or the Managers and the persons named in or identifiable following the applicable Final Terms as the Financial Intermediaries, as the case may be.

Each Tranche of Notes will be issued on the terms set out herein under “*Terms and Conditions of the Notes*” as amended and/or supplemented by the applicable Final Terms. This Base Prospectus must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes which is the subject of Final Terms, must be read and construed together with the applicable Final Terms.

Certain information under the heading “*Book-entry Clearance Systems*” has been extracted from information provided by the clearing systems referred to therein. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the relevant clearing systems, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “*Documents Incorporated by Reference*” on page 8). This Base Prospectus shall be read and construed on the basis that such documents are incorporated in and form part of this Base Prospectus.

The Dealers have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Dealers as to the accuracy or completeness of the information contained in this Base Prospectus or any other information provided by the Issuer. The Dealers do not accept any liability in relation to the information contained in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers.

Neither this Base Prospectus nor any other information supplied in connection with the Programme (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and all Guarantors. Neither this Base Prospectus nor any other information supplied in connection with the Programme constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.

The delivery of this Base Prospectus does not at any time imply that the information contained herein concerning the Issuer or any of the Guarantors is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer or any of the Guarantors during the life of the Programme. Investors should review, *inter alia*, the most recent non-consolidated or consolidated financial statements, if any, of the Issuer when deciding whether or not to purchase any Notes.

The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Base Prospectus or any Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the United Kingdom and Japan (see "Subscription and Sale").

In making an investment decision, investors must rely on their own examination of the Issuer and the Guarantors and the terms of the Notes being offered, including the merits and risks involved. The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Base Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Base Prospectus. Any representation to the contrary is a criminal offence.

None of the Dealers, the Issuer or the Guarantors makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

U.S. INFORMATION

This Base Prospectus is being submitted on a confidential basis in the United States to a limited number of prospective investors who are both QIBs and QPs for informational use solely in connection with the consideration of the purchase of certain Notes issued under the Programme. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted. Registered Notes may be offered or sold within the United States only to persons who are both QIBs and QPs in transactions exempt from registration under the Securities Act in reliance on Rule 144A or any other applicable exemption. Each U.S. purchaser of Registered Notes is hereby notified that the offer and sale of any Registered Notes to it may be being made in reliance upon the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and the regulations promulgated thereunder.

Each purchaser or holder of Notes represented by a Rule 144A Global Note or any Notes issued in registered form in exchange or substitution therefor (together *Legended Notes*) will be deemed, by its acceptance or purchase of any such Legended Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in "*Subscription and Sale and Transfer and Selling Restrictions*". Unless otherwise stated, terms used in this paragraph have the meanings given to them in "*Form of the Notes*".

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER CHAPTER 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are "restricted securities" within the meaning of the Securities Act, the Issuer has undertaken in a deed poll dated 14 June 2011 (the *Deed Poll*) to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, any of the Notes remain outstanding as "restricted securities" within the meaning of Rule 144(a)(3) of the Securities Act and the Issuer is not a reporting company under Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended, (the *Exchange Act*) or exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is incorporated in Örebro, Sweden as a limited liability company for an indefinite period in August 1986 on the local initiative of the County of Örebro and municipalities in that county. All of the officers and directors named herein reside outside the United States and all or a substantial portion of the assets of the Issuer and of such officers and directors are located outside the United States. As a result, it may not be possible for investors to effect service of process outside Sweden upon the Issuer or such persons, or to enforce judgments against them obtained in courts outside Sweden.

The Guarantors are certain county councils and municipalities of Sweden. As a result, it may not be possible for investors to effect service of process outside Sweden upon the Guarantors or such persons, or to enforce judgments against them obtained in courts outside Sweden.

The United States and Sweden currently do not have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for the payment of money against the Issuer rendered by any Federal or state court in the United States based on civil liability would not be enforceable in Sweden, and the party in whose favour such judgment was rendered would have to re-litigate the issues in a Swedish court of competent jurisdiction.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Presentation of Financial Information

Unless otherwise indicated, the financial information in this Base Prospectus relating to the Issuer has been derived from the audited financial statements of the Issuer for the financial years ended 31 December 2010 and 31 December 2009 (including the comparative information as at and for the financial year ended 31 December 2008) (together, the *Financial Statements*).

The Issuer's financial year ends on 31 December, and references in this Base Prospectus to any specific year are to the 12-month period ended on 31 December of such year. The Financial Statements have been prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL), and the regulations and general recommendations of the Swedish Financial Supervisory Authority (Finansinspektionen) regarding annual accounts for credit institutions and securities companies (FFFS 2008:25).

Certain Defined Terms and Conventions

Capitalised terms which are used but not defined in any particular section of this Base Prospectus will have the meaning attributed thereto in "*Terms and Conditions of the Notes*" or any other section of this Base Prospectus.

Certain figures and percentages included in this Base Prospectus have been subject to rounding adjustments; accordingly figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

All references in this document to U.S. dollars, \$ and U.S. cents refer to the currency of the United States of America, those to SEK and Swedish kronor refer to the currency of Sweden and those to euro and € refer to 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 (the Treaty).

TABLE OF CONTENTS

	Page
Documents Incorporated by Reference	8
General Description of the Programme	9
Summary of Terms and Conditions of the Programme and the Notes	10
Risk Factors	15
Form of the Notes	21
Terms and Conditions of the Notes	37
Use of Proceeds	69
Book-Entry Clearance Systems	70
Kommuninvest i Sverige Aktiebolag (publ).....	74
Financial Information Concerning the Issuer	84
Map of Sweden.....	88
Local Government in Sweden	89
U.S. Federal Income Tax Considerations	90
Subscription and Sale and Transfer and Selling Restrictions	99
General Information	106

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

- (a) the most recently publicly available audited annual financial statements and the publicly available unaudited interim financial statements of the Issuer for the most recent financial period; and
- (b) the constitutional documents (in English) of the Issuer.

Following the publication of this Base Prospectus, a supplement may be prepared by the Issuer and approved by the Luxembourg Stock Exchange. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the specified office of the Issuer and on the Issuer's website at www.kommuninvest.org. Written or oral requests for such documents should be directed to the Issuer at its registered office set out at the end of this Base Prospectus. In addition, such documents will be available, without charge, from the principal office in Luxembourg of Deutsche Bank Luxembourg S.A. (the **Listing Agent**) and on the website of the Luxembourg Stock Exchange at www.bourse.lu.

The Issuer will, in connection with the listing of the Notes on the Luxembourg Stock Exchange, so long as any Note remains outstanding and listed on such exchange, in the event of any material adverse change in the financial condition of the Issuer which is not reflected in the Base Prospectus, prepare a further supplement to the Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes to be listed on the Luxembourg Stock Exchange. If the terms of the Programme are modified or amended in a manner which would make the Base Prospectus, as supplemented, inaccurate or misleading, a new Base Prospectus will be prepared.

GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, the Issuer may from time to time issue Notes denominated in any currency and having any maturity, subject as set out herein. A summary of the terms and conditions of the Programme and the Notes appears on pages 10 to 14. The applicable terms of any Notes will be agreed between the Issuer and the relevant Dealer(s) prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Final Terms attached to, or endorsed on, such Notes, as more fully described under **Form of the Notes** on page 21.

This Base Prospectus and any supplement will only be valid for listing Notes on the Luxembourg Stock Exchange in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed €20,000,000,000 or its equivalent in other currencies. For the purpose of calculating the euro equivalent of the aggregate amount of Notes issued under the Programme from time to time:

- (a) the euro equivalent of Notes denominated in another Specified Currency (as specified in the applicable Final Terms in relation to the relevant Notes, described under "*Form of the Notes*") shall be determined, at the discretion of the Issuer, either as of the date of agreement to issue such Notes (the **Agreement Date**) or on the preceding day on which commercial banks and foreign exchange markets are open for business in London, in each case on the basis of the spot rate for the sale of the euro against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading bank selected by the Issuer on such date;
- (b) the euro equivalent of Dual Currency Notes, Index Linked Notes and Partly Paid Notes (each as specified in the applicable Final Terms in relation to the relevant Notes, described under **Form of Notes**) shall be calculated in the manner specified above by reference to the original nominal amount of such Notes (in the case of Partly Paid Notes regardless of the amount of the subscription price paid); and
- (c) the euro equivalent of Zero Coupon Notes (as specified in the applicable Final Terms in relation to the relevant Notes, described under **Form of the Notes**) and other Notes issued at a discount or premium shall be calculated in the manner specified above by reference to the net proceeds received by the Issuer for the relevant issue.

SUMMARY OF TERMS AND CONDITIONS OF THE PROGRAMME AND THE NOTES

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. Words and expressions defined in "*Form of the Notes*" and "*Terms and Conditions of the Notes*" below shall have the same meanings in this summary.

- Issuer:** Kommuninvest i Sverige Aktiebolag (publ)
- Guarantors:** Each Series of Notes will be guaranteed by certain county councils and municipalities of Sweden. The Final Terms applicable to each Tranche of Notes will specify the Guarantors in relation to that Tranche as of the issue date of that Tranche. However, other county councils and municipalities of Sweden may subsequently become Guarantors. The Guarantee will be in, or substantially in, the form set out in Schedule 5 to the Agency Agreement. As at the date hereof such a Guarantee has already been given jointly and severally by the county councils and municipalities of Sweden set out on pages 75 to 81 for the commitments undertaken or to be undertaken by the Issuer, including the commitments of the Issuer in respect of the Notes. For further information on the Guarantors at the date hereof see "*Ownership and Guarantee*" on page 75.
- Risk Factors:** There are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme (see "*Risk Factors*").
- Description:** Note Programme
- Arranger:** Merrill Lynch International
- Dealers:** Citigroup Global Markets Limited
Commerzbank Aktiengesellschaft
Daiwa Capital Markets Europe Limited
Deutsche Bank AG, London Branch
J.P. Morgan Securities Ltd.
Merrill Lynch International
Mizuho International plc
Morgan Stanley & Co. International plc
Nomura International plc
UBS Limited
- Certain Restrictions:** Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*" below).
- Notes with a maturity of less than one year:** Notes having a maturity of less than one year from the date of their issue will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent.

Issue Directly:	The Issuer will be able to issue to person(s) other than the original Dealer by appointing such person(s) Dealer(s) for either a specific issue or issues or for the Programme.
Principal Paying agent:	Deutsche Bank AG, London Branch
Luxembourg Paying agent:	Deutsche Bank Luxembourg S.A.
U.S. paying agent:	Deutsche Bank Trust Company Americas
Registrar:	Deutsche Bank Luxembourg S.A.
U.S. Registrar:	Deutsche Bank Trust Company Americas
Exchange agent :	Deutsche Bank AG, London Branch
Issuing Agent:	For Swedish Registered Notes, an account operator specifically authorised by Euroclear Sweden to process and register issues in the Euroclear Sweden system.
Amount:	€20,000,000,000 (or its equivalent in other currencies calculated as described herein on page 9) outstanding at any time. The Issuer will have the option at any time to increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Subject to any applicable legal or regulatory restrictions, any currency agreed between the Issuer and the relevant Dealer.
Maturities:	Any maturity, as indicated in the applicable Final Terms (except such other minimum or maximum maturity as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency). Save as provided above, the Notes are not subject to any maximum maturity.
Issue Price:	Notes may be issued on a fully paid or a partly paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	The Notes will be issued in bearer form or registered form as set out in the applicable Final Terms. Bearer Notes may be in new global note form. Swedish Registered Notes will be issued in uncertificated and dematerialised book entry form. Registered Notes will not be exchangeable for Bearer Notes and <i>vice versa</i> .
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption, and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
Floating Rate Notes:	Floating Rate Notes will bear interest at a rate determined:

- (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or
- (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
- (c) on such other basis as may be agreed between the Issuer and the relevant Dealer.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.

Index Linked Notes: Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer may agree.

Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes: Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer and specified in the applicable Final Terms.

Dual Currency Notes: Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer may agree.

Zero Coupon Notes: Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

Redemption: The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.

The applicable Final Terms may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Final Terms.

Notes issued on the terms that they must be redeemed before the first anniversary may be subject to restrictions on their denomination and

distribution, see "*Certain Restrictions – Notes with a maturity of less than one year*" above.

- Denomination of Notes: Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency. See "*Certain Restrictions – Notes with a maturity of less than one year*" above.
- Taxation: All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed within Sweden, subject to customary exceptions as provided in Condition 9 of the terms and conditions of the relevant Notes.
- Negative Pledge: The terms of Notes which are, unless otherwise specified in the applicable Final Terms, unsecured and unsubordinated will contain a negative pledge provision as described in Condition 4 of the terms and conditions of the relevant Notes.
- Cross Default: The terms of the Notes will contain a cross-default provision relating to any Borrowing of the Issuer as defined and further described in Condition 11 of the terms and conditions of the relevant Notes.
- Status of the Notes: Unless otherwise specified in the applicable Final Terms, the Notes will constitute direct, unconditional, general and (subject to the provisions of Condition 4 of the terms and conditions of the Notes) unsecured obligations of the Issuer and will rank *pari passu*, without any preference among themselves, with all other present or future outstanding, unsecured and unsubordinated obligations of the Issuer.
- Status of the Guarantee: The obligations of each Guarantor will be joint and several and will constitute direct, unconditional, general and unsecured obligations of that Guarantor and will rank *pari passu* with all other present or future outstanding unsecured and unsubordinated obligations of that Guarantor. The guarantee in relation to a Series of Notes may be enforced separately in relation to each Guarantor of that Series in the Courts of Sweden upon failure by the Issuer to perform any obligation in respect of the Notes of that Series and without exhaustion of remedies against the Issuer or any other Guarantor of that Series.
- Rating: The Programme is rated by Moody's Investors Service Limited and by Standard and Poor's Rating Services, a division of the McGraw Hill Companies Inc. Tranches of Notes issued under the Programme may be rated or unrated. Where a tranche of Notes is rated, such rating will not necessarily be the same as the rating assigned to the Programme. The rating of any tranche of Notes to be issued under the Programme which has been rated will be specified in the applicable Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
- Listing and admission to trading: Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme up to the expiry of 12 months from the date of this Base Prospectus to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Notes may also be listed on such other or further stock

exchange(s) or other relevant authorities as may be agreed between the Issuer and the relevant Dealer(s) in relation to each issue. Unlisted Notes may also be issued. The Final Terms relating to each issue will state whether or not the Notes are to be listed.

Swedish Registered Notes will not be listed on the Luxembourg Stock Exchange.

- Governing Law:** The Notes (other than the Swedish Registered Notes) and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law. The Swedish Registered Notes and any non-contractual obligations arising out of or in connection with the Swedish Registered Notes will be governed by, and shall be construed in accordance with, Swedish law.
- Clearing Systems:** Euroclear and/or Clearstream, Luxembourg and/or Euroclear Sweden and/or DTC or, in relation to any Tranche of Notes, any other clearing system.
- Selling Restrictions:** There are selling restrictions in relation to the United States, the United Kingdom and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes. See "*Subscription and Sale and Transfer and Selling Restrictions*".
- United States Selling Restrictions:** Regulation S Category 2, Rule 144A and section 3(c)(7) QPs, TEFRA C or D/TEFRA not applicable, as specified in the applicable Final Terms. ERISA restrictions.

RISK FACTORS

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

Notes subject to optional redemption by the Issuer

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Index Linked Notes and Dual Currency Notes

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a **Relevant Factor**). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (a) the market price of such Notes may be volatile;
- (b) they may receive no interest;
- (c) payment of principal or interest may occur at a different time or in a different currency than expected;
- (d) they may lose all or a substantial portion of their principal;
- (e) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (f) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable will be likely to be magnified; and
- (g) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Index Linked Notes and the suitability of such Notes in light of its particular circumstances.

Partly-paid Notes

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

Variable rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

Modification

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Bearer Notes where denominations involve integral multiples: definitive bearer Notes

In relation to any issue of Notes in bearer form which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. Should definitive Notes be printed, a holder who holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in bearer form in respect of such holding (should such Notes be printed) and

would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If definitive Notes in bearer form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Reliance on DTC, Euroclear and Clearstream, Luxembourg procedures

Notes issued under the Programme will be represented on issue by one or more Global Notes that may be deposited with a common depository for Euroclear and Clearstream, Luxembourg or may be deposited with a nominee for DTC (each as defined under "*Form of the Notes*"). Except in the circumstances described in each Global Note, investors will not be entitled to receive Notes in definitive form. Each of DTC, Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Note held through it. While the Notes are represented by a Global Note, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Notes are represented by Global Notes, the Issuer will discharge its payment obligation under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note.

Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Risks relating to Disruptions in the Global Credit Markets and Economy

Since 2007, international capital markets have been affected by ongoing turbulence. Although conditions in the international capital and credit markets improved in 2009 and 2010, the markets have remained subject to periods of volatility and disruption, where market conditions may further deteriorate. This may impact the Issuer's ability to raise debt in a similar manner, and at a similar cost, to the funding raised in the past. Challenging market conditions may result in greater volatility but also in reduced liquidity, widening of credit spreads and lack of price transparency in credit markets. Changes in markets, including changes in interest rates, exchange rates and other investments, may affect the financial performance of the Issuer. In addition, the financial performance of the Issuer could be affected by a worsening of general economic conditions in the markets in which it operates

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

FORM OF THE NOTES

The Notes of each Series will be in either bearer form, with or without interest coupons attached, or registered form, without interest coupons attached. Bearer Notes will only be issued outside the United States to persons that are not U.S. persons (as defined in Regulation S) in reliance on the exemption from registration provided by Regulation S and Registered Notes will be issued both outside the United States to persons that are not U.S. persons in reliance Regulation S and within the United States only to QIBs in reliance on Rule 144A or otherwise in private transactions that are exempt from the registration requirements of the Securities Act.

Bearer Notes

Each Tranche of Bearer Notes will be in bearer form and will be initially issued in the form of a temporary global note (a **Temporary Bearer Global Note**) or, if so specified in the applicable Final Terms, a permanent global note (a **Permanent Bearer Global Note** and, together with a Temporary Bearer Global Note, each a **Bearer Global Note**) which, in either case, will:

- (a) if the Global Notes are intended to be issued in new global note (NGN) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear and Clearstream, Luxembourg; and
- (b) if the Global Notes are not intended to be issued in NGN form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common depository (the **Common Depository**) for Euroclear and Clearstream, Luxembourg.

Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Bearer Global Note if the Temporary Bearer Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in the Temporary Bearer Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the **Exchange Date**) which is 40 days after the date on which any Temporary Bearer Global Note is issued interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for (a) interests in a Permanent Bearer Global Note of the same Series without receipts, interest coupons or talons or (b) for definitive Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given; , provided that purchasers in the United States and certain U.S. persons will not be able to receive definitive Bearer Notes and provided that Notes having denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount will only be exchangeable for definitive Notes upon an Exchange Event (as defined below). The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may

be) of the Permanent Bearer Global Note if the Permanent Bearer Global Note is not intended to be issued in NGN form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, receipts, interest coupons and talons attached upon either (i) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) to the Principal Paying Agent as described therein or (ii) only upon the occurrence of an Exchange Event, save that Bearer Notes having denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount will only be exchangeable for definitive Bearer Notes upon an Exchange Event. For these purposes, **Exchange Event** means that the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available. The Issuer will promptly give notice to Noteholders in accordance with Condition 15 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or the common depository on their behalf (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) may give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Bearer Notes which have an original maturity of 1 year and on all receipts and interest coupons relating to such Notes:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Bearer Notes, receipts or interest coupons.

Notes which are represented by a Bearer Temporary Global Note or a Permanent Bearer Global Note (together the **Bearer Global Notes** and each a **Bearer Global Note**) will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Registered Notes

The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold to non-U.S. persons outside the United States, will initially be represented by a global note in registered form (a **Regulation S Global Note**). Prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to each Tranche of Notes, beneficial interests in a Regulation S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Regulation S Global Note will bear a legend regarding such restrictions on transfer.

The Registered Notes of each Tranche offered and sold in the United States or to U.S. persons may only be offered and sold in private transactions to persons who are both QIBs and QPs. The Registered Notes of each Tranche sold to QIBs that are also QPs will be represented by a global note in registered form (a **Rule 144A Global Note** and, together with a Regulation S Global Note, each a **Registered Global Note**).

Registered Global Notes will either (i) be deposited with a custodian for, and registered in the name of a nominee of, Depository Trust Company (DTC) or (ii) be deposited with a common depository for Euroclear and Clearstream, Luxembourg, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg, as specified in the applicable Final Terms. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

The Registered Global Notes will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 7.3) as the registered holder of the Registered Global Notes. None of the Issuer, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 7.3) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default has occurred and is continuing, (ii) in the case of Notes registered in the name of a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act and no alternative clearing system is available, (iii) in the case of Notes registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available or (iv) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Registered Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 15 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iv) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

Transfer of Interests

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. **Registered Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions, see "Subscription and Sale and Transfer and Selling Restrictions".**

Swedish Registered Notes

Each Tranche of Swedish Registered Notes will be issued in uncertificated and dematerialised book entry form. The holder of a Swedish Registered Note will be the person evidenced as such by the register for such Notes maintained by Euroclear Sweden on behalf of the Issuer. Where a nominee is so evidenced it shall be treated as the holder of the relevant Swedish Registered Note.

Swedish Registered Notes will only be transferable in accordance with the rules and procedures for the time being of Euroclear Sweden.

Swedish Registered Notes will be compliant with U.S. Treasury Regulation Section 1.163-5(c)(2)(i)(c).

General

Pursuant to the Agency Agreement (as defined under **Terms and Conditions of the Notes**), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CUSIP and a CINS number which are different from the common code and ISIN, CUSIP and CINS assigned to Notes of any other Tranche of the same Series until at least the expiry of the Distribution Compliance Period applicable to the Notes of such Tranche.

Any reference herein to Euroclear, Clearstream, Luxembourg, DTC and/or Euroclear Sweden shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

A Note may be accelerated automatically by the holder thereof in certain circumstances described in Condition 11. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then, unless within the period of seven days commencing on the relevant due date payment in full of the amount due in respect of the Global Note is received by the bearer in accordance with the provisions of the Global Note, the Global Note will become void at 8.00 p.m. (London time) on the day immediately following such day. At the same time, holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg and/or DTC on and subject to the terms of a deed of covenant (the **Deed of Covenant**) dated 14 June 2011, executed by the Issuer. In addition, holders of interests in such Global Note credited to their accounts with DTC may require DTC to deliver definitive Notes in registered form in exchange for their interest in such Global Note in accordance with DTC's standard operating procedures.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a new Base Prospectus or a supplement to the Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

APPLICABLE FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.

[date]

Kommuninvest i Sverige Aktiebolag (publ)

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
Guaranteed by certain county councils of Sweden and certain municipalities of Sweden under the
€20,000,000,000 Note Programme**

PART 1

CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated [date] which constitutes a base prospectus for the purposes of the Luxembourg act relating to prospectuses for securities (*loi relative aux prospectus pour valeurs mobilières*). This document constitutes the Final Terms of the Notes described herein and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Base Prospectus dated [original date]. This document constitutes the Final Terms of the Notes described herein and must be read in conjunction with the Base Prospectus dated [date] which constitutes a base prospectus for the purposes of the Luxembourg act relating to prospectuses for securities (*loi relative aux prospectus pour valeurs mobilières*), save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectuses dated [date] and [original date].]

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

1. [(a)] Series Number: []

[(b)] Tranche Number: []

(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)

2. Specified Currency or Currencies: []

3. Aggregate Nominal Amount:
- Tranche: []
 - Series: []
4. Issue Price of Tranche: []% of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (if applicable)]
5. (a) Specified Denomination(s): []
- (in the case of Registered Notes, this means the minimum integral amount in which transfers can be made)*
- (Note – where multiple denominations above [€50,000] or equivalent are being used the following sample wording should be followed:*
- "[€50,000] and integral multiples of [€1,000] in excess thereof up to and including [€99,000]. No Notes in definitive form will be issued with a denomination above [€99,000]"*)
- (b) Calculation Amount: []
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations).*
6. [(a)] Issue Date [and Interest Commencement Date]: []
- [(b)] Interest Commencement Date (if different from the Issue Date): []
7. Maturity Date: *[Fixed rate – specify date/Floating rate – Interest Payment Date falling in or nearest to [specify month and year]]*
8. Interest Basis:
- [[]% Fixed Rate]
 - [[LIBOR/EURIBOR] +/- []% Floating Rate]
 - [Zero Coupon]
 - [Index Linked Interest]
 - [Dual Currency Interest]
 - [specify other]*
 - (further particulars specified below)
9. Redemption/Payment Basis:
- [Redemption at par]
 - [Index Linked Redemption]
 - [Dual Currency Redemption]
 - [Partly Paid]
 - [Instalment]

[specify other]

10. Change of Interest Basis or Redemption/Payment Basis: [Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]
11. Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below)]
12. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Rate[(s)] of Interest: []% per annum [payable [annually/semi-annually/quarterly] in arrear] *(if payable other than annually, consider amending Condition 6)*
- (b) Interest Payment Date(s): [[] in each year up to and including the Maturity Date]/[specify other] *(NB: This will need to be amended in the case of long or short coupons)*
- (c) Fixed Coupon Amount(s): [] per Calculation Amount
- (d) Broken Amount(s): [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []
- (e) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or specify other]
- (f) Determination Date(s): [] in each year
- [Insert regular interest payment dates, ignoring issue date or maturity date in the case of long or short first or last coupon] (NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration)*
- [NB: Only relevant where Day Count Fraction is Actual/Actual (ICMA)]*
- (g) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/Give details]
14. **Floating Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Specified Period(s)/Specified Interest Payment Dates: []

- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[specify other]]
- (c) Additional Business Centre(s): []
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/specify other]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): []
- (f) Screen Rate Determination:
- Reference Rate: []
(Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)
 - Interest Determination Date(s): []
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
 - Relevant Screen Page: []
(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (g) ISDA Determination:
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
- (h) Margin(s): [+/-] []% per annum
- (i) Minimum Rate of Interest: []% per annum
- (j) Maximum Rate of Interest: []% per annum
- (k) Day Count Fraction: [Actual/Actual (ISDA) Actual 365 (Fixed)]

Actual/365 (Sterling)
 Actual 360
 30/360
 30E/360
 30E/360 (ISDA)
 Other]
 (See Condition 6 for alternatives)

- (l) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: []

15. Zero Coupon Note Provisions

[Applicable/Not Applicable]
 (If not applicable, delete the remaining subparagraphs of this paragraph)

- (a) Accrual Yield: []% per annum
 (b) Reference Price: []
 (c) Any other formula/basis of determining amount payable: []
 (d) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 8.5(c) and 8.10 apply/specify other]

16. Index Linked Interest Note Provisions

[Applicable/Not Applicable]
 (If not applicable, delete the remaining subparagraphs of this paragraph)

- (a) Index/Formula: [give or annex details]
 (b) Calculation Agent: []
 (c) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Agent): [give name(s)]
 (d) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: []
 (e) Specified Period(s)/Specified Interest Payment Dates: []
 (f) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day]

Convention/specify other]

- (g) Additional Business Centre(s): []
- (h) Minimum Rate of Interest: []% per annum
- (i) Maximum Rate of Interest: []% per annum
- (j) Day Count Fraction: []

17. Dual Currency Interest Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

- (a) Rate of Exchange/method of calculating Rate of Exchange: [give details]
- (b) Party, if any, responsible for calculating the interest and/or principal due (if not the Agent): []
- (c) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: []
- (d) Person at whose option Specified Currency(ies) is/are payable: []

PROVISIONS RELATING TO REDEMPTION

18. Issuer Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

- (a) Optional Redemption Date(s): []
- (b) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [[] per Calculation Amount/specify other/see Appendix]
- (c) If redeemable in part:
 - (i) Minimum Redemption Amount: []
 - (ii) Higher Redemption Amount: []
- (d) Notice period (if other than as set out in the Conditions): []

19. Investor Put: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Optional Redemption Date(s): []
- (b) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [[] per Calculation Amount/specify other/ see Appendix]
- (c) Notice period (if other than as set out in the Conditions): []
20. Final Redemption Amount: [[] per Calculation Amount/specify other/ see Appendix]
21. Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 8.5): [As per Condition 8.5/[] per Calculation Amount/specify other/see Appendix]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22. (a) Form of Notes: **BEARER NOTES**

[Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Bearer Notes [on 60 days' notice given at any time/only upon an Exchange Event]]Bearer Global NoteBearer Global Note

[Temporary Bearer Global Note exchangeable for Definitive Notes on and after the Exchange Date].

[Permanent Bearer Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event].]

REGISTERED NOTES

[Regulation S Global Note (U.S.\$[] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]]

[Rule 144A Global Note (U.S.\$[] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg.]]

SWEDISH REGISTERED NOTES

[Uncertificated and dematerialised book entry form for Swedish Registered Notes].

(b) New Global Note [Yes][No]

23. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/give details]

(This item is not applicable to Swedish Registered Notes. Note that this item relates to the place of payment and not Interest Period end dates to which items 14(iii) and 16(vii) relate)

24. Talons for future Coupon or Receipts to be attached to Definitive Notes in bearer form (and dates on which such Talons mature): [Yes/No. If yes, give details]

25. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and, if different from those specified in the Temporary Global Note, consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details. NB: a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues]

26. Details relating to Instalment Notes: [Not Applicable/give details]

(a) Instalment Amount(s): [Not Applicable/give details]

(b) Instalment Date(s): [Not Applicable/give details]

27. Redenomination: Redenomination [not] applicable (if Redenomination is applicable, specify the terms of the redenomination in an Annex to the Final Terms)

28. Other final terms: [Not Applicable/give details]

29. The names of the Guarantors as at the issue date of the relevant Tranche and details of the date, form and other relevant details of the Guarantee given by such Guarantors: See attached Guarantee dated 7 May 1993, as amended

DISTRIBUTION

30. (a) If syndicated, names of Managers: [Not Applicable/give names]

(b) Stabilising Manager(s) (if any): [Not Applicable/give name(s)]

(c) Names of Financial Intermediaries (if any): [Not Applicable]/give name(s)]

31. If non-syndicated, name of relevant Dealer: []

32. Total commission and concession: []% of the Aggregate Nominal Amount
33. U.S. Selling Restrictions: [Reg S Compliance Category 2; Rule 144A and 3(c)(7) QPs; TEFRA D/TEFRA C/TEFRA not applicable]
34. Additional selling restrictions: [Not Applicable/*give details*]
35. Additional U.S. Federal income tax considerations: [Not Applicable/*give details*]
36. Additional ERISA considerations: [Not Applicable/*give details*]

[LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required for admission to the Official List of the Luxembourg Stock Exchange and admission to trading on the regulated market of the Luxembourg Stock Exchange of the issue of Notes described herein pursuant to the €20,000,000,000 Note Programme of Kommuninvest i Sverige Aktiebolag (publ).]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [[] has been extracted from []. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of Kommuninvest i Sverige Aktiebolag (publ):

By:

Duly authorised

PART 2

OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

Listing and admission to trading: [Application has been made for the Notes to be admitted to [the Official List of the Luxembourg Stock Exchange/*specify other*] and to trading on [the regulated market of the Luxembourg Stock Exchange/*specify other*] with effect from [].]

[Not Applicable.]

2. RATINGS

Ratings: The Notes to be issued have been rated:

[Moody's: []]

[S&P: []]

[[*Other*]: []]

[Not Applicable.]

3. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

(a) [Reasons for the offer: []]

(See "Use of Proceeds" wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks, will need to include those reasons here.)

[(b)] Estimated net proceeds: []

(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

[(c)] Estimated total expenses: []. [*Include breakdown of expenses*].

4. [YIELD (*Fixed Rate Notes only*)

Indication of yield: []

[Calculated as [*include details of method of calculating in summary form*] on the Issue Date.]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

5. [HISTORIC INTEREST RATES (*Floating Rate Notes only*)

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].]

6. PERFORMANCE OF INDEX/FORMULA AND OTHER INFORMATION CONCERNING THE UNDERLYING (*Index-Linked Interest Notes only*)

[*Need to include details of where past and future performance and volatility of the index/formula can be obtained.*]

[*Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.*]

7. [PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT (*Dual Currency Notes only*)

Need to include details of where past and future performance and volatility of the relevant rates can be obtained.

8. OPERATIONAL INFORMATION

- (a) ISIN Code: []
- (b) Common Code: []
- (c) CUSIP: []
- (d) CINS: []
- (e) Any clearing system(s) other than DTC, Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)/Euroclear Sweden AB. Euroclear Sweden identification number: []. The Issuer shall be entitled to obtain information from the register maintained by Euroclear Sweden [for the purposes of performing its obligation under the issue of the Notes]]
- (f) Agent: Deutsche Bank AG, London Branch/[other – give name]
- (g) Delivery: Delivery [against/free of] payment
- (h) Names and address of additional or alternative Paying Agent(s) (if any): []
- (i) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes] [No]
- [Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the International Central Securities Depositories (ICSDs) as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem

monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] *[include this text if "yes" selected in which case the Notes must be issued in NGN form]*

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of Notes to be issued by the Issuer which will be incorporated by reference into each global Note, and which will be incorporated into each definitive Note. The following Terms and Conditions will be applicable to each Swedish Registered Note. The applicable Final Terms in relation to any Notes (including Swedish Registered Notes) may specify other terms and conditions which shall to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes.

This Note is one of a series of Notes issued by Kommuninvest i Sverige Aktiebolag (publ) (the **Issuer**). Reference herein to the **Notes** shall be references to the Notes of this Series (as defined below) and shall mean (a) in relation to any Notes represented by a global Note, units of each Specified Denomination in the Specified Currency, (b) definitive Notes in bearer form issued in exchange (or part exchange) for a global Note in bearer form, (c) definitive Notes in registered form issued in exchange (or part exchange) for a global Note in registered form, (d) any global Note, and (e) Notes in registered form in accordance with the Swedish Financial Instruments Accounts Act (SFS 1998:1479), as amended (**Swedish Registered Notes**), cleared through the Swedish Central Securities Depository & Clearing Organisation, the Euroclear Sweden AB (**Euroclear Sweden**). Except in the case of Swedish Registered Notes, the Notes, the Coupons and the Receipts (each as defined below) also have the benefit of an amended and restated agency agreement dated 14 June 2011 (the **Agency Agreement** as the same may be amended or supplemented from time to time) among the Issuer, Deutsche Bank AG, London Branch (the **Principal Paying Agent**, which expression shall include any alternative or successor Principal Paying agent specified in the applicable Final Terms) and the other paying agents named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents) Deutsche Bank AG, London Branch as exchange agent (the **Exchange Agent**, which expression shall include any successor exchange agent) and Deutsche Bank Luxembourg, S.A. as registrar (the **Non-US Registrar**, which expression shall include any successor registrar), Deutsche Bank Trust Company Americas as U.S. Registrar (the **U.S. Registrar**, together with the Non-U.S. Registrar, each a **Registrar** which expression shall include any successor registrar) and a transfer agent and the other transfer agents named therein (together with the Registrar, the **Transfer Agents**, which expression shall include any additional or successor transfer agents).

The Notes, the Coupons and the Receipts also have the benefit of a Guarantee (the **Guarantee**) details of which are set out in the applicable Final Terms.

Interest bearing definitive Bearer Notes (unless otherwise indicated in the applicable Final Terms) have interest coupons (**Coupons**) and, if indicated in the applicable Final Terms, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Bearer Notes repayable in instalments have receipts (**Receipts**) for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered Notes and Global Notes do not have Receipts, Coupons or Talons attached on issue.

Any reference herein to **Noteholders** shall mean (in the case of Bearer Notes) the holders of the Notes, and (in the case of Registered Notes) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a global Note and in relation to Swedish Registered Notes, be construed as provided below. Any reference herein to **Receiptholders** shall mean the holders of the Receipts and any reference herein to **Couponholders** shall mean the holders of the Coupons, and shall, unless the context otherwise requires, include the holders of Talons. Swedish Registered Notes are in dematerialised form and, for the avoidance of doubt, any references in these Terms and Conditions to Receipts, Coupons and Talons shall not apply to Swedish Registered Notes.

The final terms for this Note are (except in the case of Swedish Registered Notes) set out in Part 1 of the Final Terms attached hereto or incorporated hereon which supplement these Terms and Conditions and may

specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note. References herein to the **applicable Final Terms** are to the Final Terms which is (except in the case of Swedish Registered Notes) attached hereto or endorsed hereon.

As used herein **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche of Tranches of Notes which are (a) expressed to be consolidated and forming a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates (unless this is a Zero Coupon Note), Interest Commencement Dates and/or Issue Prices.

The holders of bearer Notes, the Receiptholders and the Couponholders are entitled to the benefit of the Deed of Covenant (the **Deed of Covenant**) dated 14 June 2011 and made by the Issuer. The original of the Deed of Covenant is held by a common depositary on behalf of Euroclear and Clearstream, Luxembourg (each as defined below).

Copies of the Agency Agreement (which contains the form of the Final Terms), the Guarantee, the Deed of Covenant, a deed poll (the **Deed Poll**) dated 14 June 2011 and made by the Issuer, are available for inspection at the specified offices of each of the Principal Paying Agent, the Registrars and the other Paying Agents, the Exchange Agent and the other Transfer Agents (such Agents and the Registrar being together referred to as the **Agents**). Copies of the Final Terms applicable to this Note (if this Note is a listed Note) will be available free of charge from the registered office of the Issuer and from the specified offices of the Paying Agents for the time being in London and Luxembourg. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement (other than the holders of Swedish Registered Notes), the Deed Poll, the Deed of Covenant and the applicable Final Terms, which are binding on them.

Words and expressions defined in the Agency Agreement (in relation to Notes other than Swedish Registered Notes) or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated.

1. **FORM, DENOMINATION AND TITLE**

The Notes are in bearer form (**Bearer Notes**) or in registered form (**Registered Notes**) as specified in the applicable Final Terms or, in the case of Swedish Registered Notes, in uncertificated and dematerialised book entry form, as specified in the applicable Final Terms, and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

Unless otherwise specified in the applicable Final Terms, Notes, other than Swedish Registered Notes, will initially be represented by a temporary Global Note which will be exchangeable in accordance with its terms for either a permanent Global Note or Notes in definitive form, as specified in the applicable Final Terms. Swedish Registered Notes will be issued in uncertificated and dematerialised book entry form and no global or definitive Notes will be issued in respect thereof and these Terms and Conditions shall be construed accordingly.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

This Note may be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending on the Redemption/Payment Basis shown in the applicable Final Terms.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Bearer Notes, Receipts and Coupons will pass by delivery and title to the Registered Notes (except Swedish Registered Notes) will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer and the Paying Agents will (except as otherwise required by law) deem and treat the bearer of any Bearer Note, Receipt or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

Title to the Swedish Registered Notes will pass by registration in the register that the Issuer will procure to be kept by Euroclear Sweden on behalf of the Issuer. Where a nominee is so evidenced it shall be treated as the holder of the relevant Swedish Registered Notes.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank S.A./N.V. (**Euroclear**) and/or Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) or is a Swedish Registered Note, each person (other than Euroclear, Clearstream, Luxembourg or Euroclear Sweden (as defined below)) who is for the time being shown in the records of Euroclear, or of Clearstream, Luxembourg or the register maintained by Euroclear Sweden, as the case may be, as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg or Euroclear Sweden, as the case may be, as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Agents as the holder of such nominal amount of such Notes for all purposes other than (in the case only of Notes not being Swedish Registered Notes) with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated, by the Issuer and any Paying Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "Noteholder" and "holder of Notes" and related expressions shall be construed accordingly.

For so long as The Depository Trust Company (**DTC**) or its nominee is the registered owner or holder of a Registered Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Registered Global Note for all purposes under the Agency Agreement and the Notes except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures of DTC, Euroclear and Clearstream, Luxembourg, as the case may be. Swedish Registered Notes will be transferable only in accordance with the rules and procedures for the time being of Euroclear Sweden. References to DTC, Euroclear, Clearstream, Luxembourg and/or Euroclear Sweden shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

2. TRANSFERS OF REGISTERED NOTES

2.1 Transfers of interests in Registered Global Notes

Transfers of beneficial interests in Registered Global Notes will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate,

indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement. Transfers of a Registered Global Note registered in the name of a nominee for DTC shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

2.2 Transfers of Registered Notes in definitive form

Subject as provided in paragraphs 2.5, 2.6 and 2.7 below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer (a) the holder or holders must (i) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (b) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 7 to the Agency Agreement). Subject as provided above, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

2.3 Registration of transfer upon partial redemption

In the event of a partial redemption of Notes under Condition 8, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

2.4 Costs of registration

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

2.5 Transfers of interests in Regulation S Global Notes

Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Regulation S Global Note to a transferee in the United States or who is a U.S. person will only be made:

- (a) upon receipt by the Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate (a **Transfer Certificate**), copies of which are available from the specified office of any Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made to a person whom the transferor reasonably believes is both a QIB and a QP in a transaction meeting the requirements of Rule 144A; or
- (b) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

In the case of (a) above, such transferee may take delivery through a Legended Note in global or definitive form. After expiry of the applicable Distribution Compliance Period (A) beneficial interests in Regulation S Global Notes registered in the name of a nominee for DTC may be held through DTC directly, by a participant in DTC, or indirectly through a participant in DTC and (B) such certification requirements will no longer apply to such transfers.

2.6 Transfers of interests in Legended Notes

Transfers of Legended Notes or beneficial interests therein may be made:

- (a) to a transferee who takes delivery of such interest through a Regulation S Global Note, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that in the case of a Regulation S Global Note registered in the name of a nominee for DTC, if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, the interests in the Notes being transferred will be held immediately thereafter through Euroclear and/or Clearstream, Luxembourg; or
- (b) to a transferee who takes delivery of such interest through a Legended Note where the transferee is a person whom the transferor reasonably believes is both a QIB and a QP in a transaction meeting the requirements of Rule 144A, without certification; or
- (c) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

Upon the transfer, exchange or replacement of Legended Notes, or upon specific request for removal of the Legend, the Registrar shall deliver only Legended Notes or refuse to remove the Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably

be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

2.7 Exchanges and transfers of Registered Notes generally

Holders of Registered Notes in definitive form may exchange such Notes for interests in a Registered Global Note of the same type at any time.

2.8 Compulsory Sale

The Issuer may compel any beneficial owner of an interest in a Rule 144A Note to sell its interest in such Note, or may sell such interest on behalf of such holder, if such holder is a U.S. Person that is not both a QIB and a QP.

2.9 Definitions

In this Condition, the following expressions shall have the following meanings:

Distribution Compliance Period means the period that ends 40 days after the completion of the distribution of each Tranche of Notes, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant Lead Manager (in the case of a syndicated issue);

Legended Note means Registered Notes (whether in definitive form or represented by a Registered Global Note) sold in private transactions to QIBs in accordance with the requirements of Rule 144A which bear a legend specifying certain restrictions on transfer (a **Legend**);

Investment Company Act means the United States Investment Company Act of 1940, as amended;

QIB means a **qualified institutional buyer** within the meaning of Rule 144A;

QP means a **qualified purchaser** within the meaning of Section 2(a)(51)(A) of the Investment Company Act and the rules and regulations thereunder;

Regulation S means Regulation S under the Securities Act;

Regulation S Global Note means a Registered Global Note representing Notes initially sold outside the United States to persons that are not U.S. persons in reliance on Regulation S;

Rule 144A means Rule 144A under the Securities Act;

Rule 144A Global Note means a Registered Global Note representing Notes initially sold to U.S. Persons in the United States to persons that is both QIBs and QPs; and

Securities Act means the United States Securities Act of 1933, as amended.

U.S. Person has the meaning specified in Regulation S.

3. STATUS OF THE NOTES

Unless otherwise specified in the applicable Final Terms, the Notes and the relative Receipts and Coupons are direct, unconditional, general and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and rank and will rank *pari passu*, without any preference among themselves, with all other present or future outstanding unsecured and unsubordinated obligations of the Issuer.

4. NEGATIVE PLEDGE

4.1 Negative Pledge

So long as any of the Notes remains outstanding the Issuer will not create or have outstanding any mortgage, charge, lien, pledge or other security interest (each a **Security Interest**) upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness (as defined below), unless the Issuer shall, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, take any and all action necessary to ensure that:

- (a) all amounts payable by it under the Notes and the Coupons are secured by the Security Interest equally and rateably with the Relevant Indebtedness; or
- (b) in the case of Notes other than Swedish Registered Notes, such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided as shall be approved by an Extraordinary Resolution (defined in the Agency Agreement as a resolution duly passed by a majority of not less than three-fourths of the votes cast) of the Noteholders.

4.2 Interpretation

For the purpose of these Conditions **Relevant Indebtedness** means (a) any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities which are for the time being quoted, listed or capable of being quoted or listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market and (b) any guarantee or indemnity of any such indebtedness.

5. GUARANTEE

The Notes and the relative Receipts and Coupons have the benefit of the Guarantee.

The guarantors (together the **Initial Guarantors**) as of the Issue Date are specified in the applicable Final Terms together with details of the date, form and other relevant details of the Guarantee. Other county councils and municipalities of Sweden may subsequently become guarantors and together with the Initial Guarantors are referred to herein as the **Guarantors** and each a **Guarantor**. Upon any party becoming a Guarantor the Issuer will promptly notify each stock exchange on which the Notes are at such time listed and details of the Guarantors from time to time in respect of the Notes will be available at the specified offices of the Agent and the other Paying Agents.

The obligations of each Guarantor under the Guarantee are joint and several and constitute direct, unconditional, general and unsecured obligations of such Guarantor and rank *pari passu* with all other present or future outstanding unsecured and unsubordinated obligations of that Guarantor. The Guarantee may be enforced separately in relation to each Guarantor in the Courts of Sweden upon failure by the Issuer to perform any obligations in respect of the Notes without exhaustion of remedies against the Issuer or any other Guarantor.

No Guarantor or any of its assets has any sovereign or other immunity in respect of legal proceedings brought against it in the Courts of Sweden. None of the Guarantors is required by the existing laws of Sweden to make any deductions or withholding from any amount payable under the Guarantee.

6. INTEREST

6.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including or, in the case of Swedish Registered Notes, but excluding) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding or, in the case of Swedish Registered Notes, and including) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in these Terms and Conditions, **Fixed Interest Period** means the period from (and including or, in the case of Swedish Registered Notes, but excluding) an Interest Payment Date (or the Interest Commencement Date) to (but excluding or, in the case of Swedish Registered Notes, and including) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (a) in the case of Fixed Rate Notes which are represented by a Global Note or which are Swedish Registered Notes, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note or, as the case may be, appearing on the register maintained by Euroclear Sweden on behalf of the Issuer (or, in either case, if they are Partly Paid Notes, the aggregate amount paid up); or
- (b) in the case of Fixed Rate Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach Specified Denomination without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 6.1:

- (i) if Actual/Actual (ICMA) is specified in the applicable Final Terms:
 - (A) in the case of Notes where the number of days in the relevant period from (and including or, in the case of Swedish Registered Notes, but excluding) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding or, in the case of Swedish Registered Notes, and including) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination

Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

- (B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
- (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and
 - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including or, in the case of Swedish Registered Notes, but excluding) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding or, in the case of Swedish Registered Notes, and including) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Terms and Conditions:

Determination Period means the period from (and including or, in the case of Swedish Registered Notes, but excluding) a Determination Date to (but excluding or, in the case of Swedish Registered Notes, and including) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and means, with respect to euro, one cent.

6.2 Interest on Floating Rate Notes and Index Linked Interest Notes

(a) Interest Payment Dates

Each Floating Rate Note and Index Linked Interest Note bears interest from (and including or, in the case of Swedish Registered Notes, but excluding) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including or, in the case of Swedish Registered Notes, but excluding) an Interest Payment Date (or the Interest Commencement Date) to (but excluding or, in the case of Swedish Registered Notes, and including) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (a) if there is no numerically corresponding day on the calendar month in which an Interest Payment Date should occur or (b) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 6.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Terms and Conditions, **Business Day** means a day which is:

- I. a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) and in the case of an issue of Registered Notes represented by a Global Notes registered in the name of a nominee for DTC, New York City, and each Additional Business Centre specified in the applicable Final Terms; and
- II. either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open; and
- III. A day on which the ICSDs and/or any other relevant clearing system (including DTC in the case of an issue of Registered Notes represented by a Global Note registered in the name of a nominee for DTC) is open for general business.

(b) Rate of Interest

The Rate of Interest payable from time to time in respect of the Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Final Terms.

(i) ISDA Determination

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (i), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent or other persons specified in the applicable Final Terms under an interest rate swap transaction if the Principal Paying Agent or that other person were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is a period equal to that Interest Period; and
- (C) the relevant Reset Date is either (I) if the applicable Floating Rate Option is based on the London inter-bank offered rate (**LIBOR**) or on the Euro-Zone, inter-bank offered rate (**EURIBOR**) for currency, the first day of that Interest Period or (II) in any other case, as specified in the applicable Final Terms.

For the purposes of this subparagraph (i), **Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

When this subparagraph (i) applies, in respect of each relevant Interest Period the Agent or that other person specified in the applicable Final Terms will be deemed to have discharged its obligations under Condition 6.2(d) in respect of the determination of the Rate of Interest if it has determined the Rate of Interest in respect of such Interest Period in the manner provided in this subparagraph (i).

(ii) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent (or, in the case of Swedish Registered Notes, the Calculation Agent). If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of

such quotations) and the lowest (or, if there is more than one such lowest quotation, one of such quotations) shall be disregarded by the Principal Paying Agent (or, in the case of Swedish Registered Notes, the Calculation Agent) for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of (A) above no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified above, the Agent (or, in the case of Swedish Registered Notes, the Calculation Agent) shall request each of the Reference Banks to provide the Agent (or, in the case of Swedish Registered Notes, the Calculation Agent) with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Agent (or, in the case of Swedish Registered Notes, the Calculation Agent) with offered quotations the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Agent (or, in the case of Swedish Registered Notes, the Calculation Agent).

If on any Interest Determination Date one only or none of the Reference Books provides the Agent (or, in the case of Swedish Registered Notes, the Calculation Agent) with such offered quotations as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent (or, in the case of Swedish Registered Notes, the Calculation Agent) determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Agent (or, in the case of Swedish Registered Notes, the Calculation Agent) by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Agent (or, in the case of Swedish Registered Notes, the Calculation Agent) it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

(c) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) Determination of Rate of Interest and calculation of Interest Amounts

The Principal Paying Agent, in the case of Floating Rate Notes other than Swedish Registered Notes, and the Calculation Agent, in the case of Index Linked Interest Notes and Floating Rate Notes which are Swedish Registered Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes other than Index Linked Notes which are Swedish Registered Notes, the Calculation Agent will notify the Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Principal Paying Agent or, in the case of Index Linked Interest Notes which are Swedish Registered Notes or Floating Rate Notes which are Swedish Registered Notes, the Calculation Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes or Index Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

- (i) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a Global Note or which are Swedish Registered Notes, the aggregate outstanding nominal amount of the Notes represented by such Global Note or, as the case may be, appearing on the register maintained by Euroclear Sweden on behalf of the Issuer (or, in either case, if they are Partly Paid Notes, the aggregate amount paid up); or
- (ii) in the case of Floating Rate Notes or Index Linked Interest Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or an Index Linked Interest Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest for any Interest Period in accordance with this Condition 6.2:

- (i) if **Actual/Actual (ISDA)** or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if **Actual/365 (Fixed)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

- (iii) if **Actual/365 (Sterling)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if **Actual/360** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if **30/360, 360/360** or **Bond Basis** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y₁ is the year, expressed as a number, in which the first day of the Interest Period falls;

Y₂ is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M₁ is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M₂ is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D₁ is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case **D₁** will be 30; and

D₂ is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and **D₁** is greater than 29, in which case **D₂** will be 30;

- (vi) if **30E/360** or **Eurobond Basis** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y₁ is the year, expressed as a number, in which the first day of the Interest Period falls;

Y₂ is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M₁ is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M₂ is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D₁ is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case **D₁** will be 30; and

D₂ is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case **D₂** will be 30; and

- (vii) if **30E/360 (ISDA)** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y₁ is the year, expressed as a number, in which the first day of the Interest Period falls:

Y₂ is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M₁ is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M₂ is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D₁ is the first calendar day, expressed as a number, of the Interest Period, unless (a) that day is the last day of February or (b) such number would be 31, in which case **D₁** will be 30; and

D₂ is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (a) that day is the last day of February but not the Maturity Date or (b) such number would be 31, in which case **D₂** will be 30.

(e) Notification of Rate of Interest and Interest Amounts

The Principal Paying Agent or, in the case of Swedish Registered Notes, the Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, and the Agent (or, in the case of Swedish Registered Notes, the Issuer) will cause notice thereof to be published in accordance with Condition 15 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter and to any stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed by no later than the first day of the following Interest Period. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed (in the case of Notes other than Swedish Registered Notes) and to the Noteholders in accordance with Condition 15. For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

(f) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6 whether by the Principal Paying Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the Calculation Agent (if applicable) the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent or the Calculation Agent (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

6.3 Interest on Dual Currency Interest Notes

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Final Terms.

6.4 Interest on Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Final Terms.

6.5 Accrual of Interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused.

In such event in respect of Notes other than Swedish Registered Notes, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable has been received by the Principal Paying Agent or the Paying Agent, as the case may be, and notice to that effect has been given in accordance with Condition 15.

In such event in respect of Swedish Registered Notes, interest will continue to accrue until the date the holders of the Swedish Registered Notes receive the full amount of such payment.

7. PAYMENTS

7.1 Method of Payment

Subject as provided below:

- (a) payments in a Specified Currency other than euro will be made by transfer to an account in the relevant Specified Currency maintained by the payee with, or by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively); and
- (b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 9.

7.2 Presentation of definitive Bearer Notes, Receipts and Coupons

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 7.1 above only against surrender of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against surrender of Coupons, in each case at the specified office of any Paying

Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Payments of instalments of principal (if any), other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 7.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt. Payment of the final instalment will be made against surrender of the relevant Bearer Note. Each Receipt must be presented for payment of the relevant instalment together with the definitive Bearer Note to which it appertains. Receipts presented without the definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer.

Upon the date on which any definitive bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form (other than Dual Currency Notes, Index Linked Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons failing to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 9) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 10) or, if later, five years from the date on which such Coupon would otherwise have become due. Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof. A "Long Maturity Note" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

If the due date for redemption of any definitive Bearer Note is not a Fixed Interest Date or an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Fixed Interest Date or Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

Payments of principal and interest (if any) in respect of Notes represented by any Global Note in bearer form will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes or otherwise in the manner specified in the relevant Global Note against presentation or surrender, if applicable, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note either by such Paying Agent or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

Notwithstanding the foregoing, U.S. dollar payments of interest in respect of the Notes will be made at the specified office of a Paying Agent in the United States if:

- (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of interest on the Notes in the manner provided above when due;
- (b) payment of the full amount of such interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of interest in U.S. dollars; and
- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

7.3 Payments in respect of Registered Notes

Payments of principal and interest in respect of Swedish Registered Notes will be made to the persons registered as Noteholders in the register maintained by Euroclear Sweden on the fifth Stockholm business day (or in accordance with the rules and procedures applied by Euroclear Sweden from time to time) prior to the due date for such payment, or such other Stockholm business day falling closer to the due date as then may be stipulated in said rules and procedures. The remaining provisions of this Condition 7.2 shall apply only to Registered Notes.

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the **Register**) (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg and/or DTC, as applicable, are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (a) a holder does not have a Designated Account or (b) the principal amount of the Notes held by a holder is less than U.S.\$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, **Designated Account** means the account (which, in the case of a payment in Japanese yen to a non resident of Japan, shall be a non resident account) maintained by a holder with a Designated Bank and identified as such in the Register and **Designated Bank** means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Note (other than Swedish Registered Notes) (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Paying Agent is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg and/or

DTC, as applicable, are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the **Record Date**) at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Paying Agent not less than three business days in the city where the specified office of the Paying Agent is located on the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Paying Agent is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Note in respect of Notes denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Paying Agent to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for conversion into and payment in U.S. dollars in accordance with the provisions of the Agency Agreement.

None of the Issuer or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

7.4 Payment Day for Notes other than Swedish Registered Notes

This Condition 7.3 shall apply only to Notes other than Swedish Registered Notes. If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, unless otherwise specified in the applicable Final Terms, **Payment Day** means any day which (subject to Condition 10) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (i) in the case of Notes in definitive form only, the relevant place of presentation;
 - (ii) each Additional Financial Centre specified in the applicable Final Terms; and
- (b) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or

Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open; and

- (c) in the case of any payment in respect of a Registered Global Note denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Registered Global Note) has elected to receive any part of such payment in U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.

7.5 Payment Date for Swedish Registered Notes

If the date for payment of any amount in respect of Swedish Registered Notes is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, unless otherwise specified in the applicable Final Terms, **Payment Day** means any day which (subject to Condition 10) is a day on which commercial banks are open for general business in Stockholm.

7.6 Interpretation of Principal and Interest

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 9;
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes;
- (e) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (f) in relation to Zero Coupon Notes, the Amortised Face Amount; and
- (g) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 9.

7.7 General Provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note. No person other than the holder of such Global Note shall have any claim against the Issuer in respect of any payments due on that Global Note.

8. REDEMPTION AND PURCHASE

8.1 At Maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note (including each Index Linked Redemption Note and Dual Currency Redemption Note) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

8.2 Redemption for Tax Reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of the Notes other than Floating Rate Notes or Index Linked Interest Notes) or on any Interest Payment Date (in the case of Floating Rate Notes or Index Linked Interest Notes), on giving not less than 30 nor more than 60 days' notice in accordance with Condition 15 to the Noteholders (which notice shall be irrevocable) and, in the case of Notes other than Swedish Registered Notes, to the Principal Paying Agent, if:

- (a) as a result of any change in, or amendment to the laws or regulations of Sweden or any political sub-division of, or any authority in, or of, Sweden having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective after the Issue Date of the first Tranche of the Notes on the occasion of the next payment due in respect of the Notes, the Issuer would be required to pay additional amounts as provided or referred to in Condition 9; and
- (b) the requirement 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 before the earliest date on which the Issuer would be required to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Principal Paying Agent (or, in the case of Swedish Registered Notes, to Euroclear Sweden) a certificate signed by two Directors of the Issuer stating that the requirement referred to in (a) above will apply on the occasion of the next payment due in respect of the Notes and cannot be avoided by the Issuer taking reasonable measures available to it and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of the change or amendment.

Notes redeemed pursuant to this Condition 8.2 will be redeemed at their Early Redemption Amount referred to in Condition 8.5 below together (if appropriate) with interest accrued to (but excluding or, in the case of Swedish Registered Notes, and including), the date of redemption.

8.3 Redemption at the Option of the Issuer (Issuer Call)

If the Issuer is specified in the applicable Final Terms as having an option to redeem (an **Issuer Call**), the Issuer may, having given not less than 30 nor more than 45 days' notice in accordance with Condition 15 to the Noteholders (which notice shall be irrevocable) and in the case of Notes other than Swedish Registered Notes, to the Principal Paying Agent and in the case of a redemption of Registered Notes, the Registrar, redeem all or some only of the Notes then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding or, in the case of Swedish Registered Notes, and including), the Optional Redemption Date(s). Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount or not more than a Higher Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be

redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), and/or DTC, as applicable, in the case of Redeemed Notes represented by a Global Note, and in accordance with the rules of Euroclear Sweden in the case of Swedish Registered Notes, in each case not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Notes represented by definitive Notes, a list of such Redeemed Notes will be published in accordance with Condition 15 not less than 30 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this Condition 8.3 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 15 at least five days prior to the Selection Date.

8.4 Redemption at the Option of the Noteholders (Investor Put)

If the Noteholders are specified in the applicable Final Terms as having an option to redeem (an **Investor Put**) upon the holder of any Note giving to the Issuer in accordance with Condition 15 not less than 30 nor more than 45 days, notice or such other period of notice as is specified in the applicable Final Terms (which notice shall be irrevocable), the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, in whole (but not in part), such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding or, in the case of Swedish Registered Notes, and including), the Optional Redemption Date. Registered Notes may be redeemed under this Condition 8.4 in any multiple of their lowest Specified Denomination. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Final Terms.

To exercise the right to require redemption of this Note the holder of this Note must deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) or (in the case of Swedish Registered Notes) the Issuing Agent at any time during normal business hours of such Paying Agent or the Registrar or the Issuing Agent, as the case may be, falling within the notice period, a duly signed and completed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (or the Issuing Agent) (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2.2. If this Note is in definitive bearer form, the Put Notice must be accompanied if this Note is in definitive form, by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

In the case of Swedish Registered Notes, a Put Notice will not be effective against the Issuer before the date on which the relevant Notes have been transferred to the account designated by the Issuing Agent and blocked for further transfer as the Optional Redemption Date by said Issuing Agent.

Any Put Notice given by a holder of any Note pursuant to this Condition 8.4 shall be irrevocable except where prior to the due date of redemption an Event of Default shall have occurred and be continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 8.4 and instead to declare such Note forthwith due and payable pursuant to Condition 11.

In the case of Notes represented by a Global Note, the right to require redemption of such Notes in accordance with this Condition 8.4 must be exercised in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg. Notwithstanding the foregoing, in the case of Swedish Registered Notes, the right to require redemption of such Notes in accordance with this Condition 8.4 must be exercised in accordance with the rules and procedures of Euroclear Sweden and if there is any inconsistency between the foregoing and the rules and procedures of Euroclear Sweden, the rules and procedures of Euroclear Sweden shall prevail.

In the case of Notes represented by a Global Note or in definitive form and held through Euroclear, Clearstream, Luxembourg or DTC, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg and DTC (which may include notice being given on his instruction by Euroclear, Clearstream, Luxembourg, DTC or any depositary for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear, Clearstream, Luxembourg and DTC from time to time.

8.5 Early Redemption Amounts

For the purpose of Condition 8.2 above and Condition 11, the Notes will be redeemed at the Early Redemption Amount calculated as follows:

- (a) in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- (b) in the case of Notes (other than Zero Coupon Notes but including Instalment Notes and Partly Paid Notes) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Notes are denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the Final Terms, at their nominal amount; or
- (c) in the case of Zero Coupon Notes, at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

RP means the Reference Price;

AY means the Accrual Yield, expressed as a decimal; and

y is a fraction, the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including or, in the case of Swedish Registered Notes, but excluding) the Issue Date of the first Tranche of the Notes to (but excluding or, in the case of Swedish Registered Notes, and including) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360,

or on such calculation basis as may be specified in the applicable Final Terms.

8.6 Instalments

If the Notes are repayable in instalments, they will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Final Terms. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 8.5 above.

8.7 Partly Paid Notes

If the Notes are Partly Paid Notes they will be redeemed, whether at maturity, early redemption or otherwise in accordance with the provisions of this Condition and the applicable Final Terms.

8.8 Purchases

The Issuer may at any time purchase Notes (provided that, in the case of definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) in any manner and at any price. Any Notes other than Swedish Registered Notes purchased may be held, resold or, at the option of the Issuer, surrendered to any Paying Agent and/or the Registrar for cancellation. Any Swedish Registered Notes purchased may be held, resold or cancelled.

8.9 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes other than Swedish Registered Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 8.9 above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

8.10 Late Payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 8.1, 8.2, 8.3 or 8.4 above or upon its becoming due and repayable as provided in Condition 11 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 8.5(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which, in respect of Notes other than Swedish Registered Notes, is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given to the Noteholder in accordance with Condition 15 or individually.

In such event in respect of Swedish Registered Notes, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Conditions 8.5(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date upon which the holders of the Swedish Registered Notes receive the full amount of such payment.

9. TAXATION

All payments in respect of the Notes, Receipts and Coupons by the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed or levied by or on behalf of Sweden; or

any political sub-division of, or any authority in, Sweden having power to tax, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after the withholding or deduction, shall equal the respective amounts which would have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (a) to, or to a third party on behalf of, a Noteholder, Receiptholder or Couponholder who is liable to the Taxes in respect of such Note, Receipt or Coupon by reason of his having some connection with Sweden other than the mere holding of such Note, Receipt or Coupon; or
- (b) to, or to a third party on behalf of, a Noteholder, Receiptholder or Couponholder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
- (c) in the case of the Notes other than Swedish Registered Notes, presented for payment more than 30 days after the Relevant Date (as defined below), except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming that day to have been a Payment Day; or
- (d) in the case of the Notes other than Swedish Registered Notes, presented for payment in Sweden; or
- (e) 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 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (f) in the case of the Notes other than Swedish Registered Notes, presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used herein, **Relevant Date** means the date on which such payment first becomes due, but, if the full amount of the money payable has not been received by the Agent or the Registrar or, in the case of Swedish Registered Notes, the holders of the Swedish Registered Notes on or before such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 15.

10. PRESCRIPTION

The Notes (whether in bearer or registered form), Receipts and Coupons will become void unless claims in respect of principal and/or interest are made within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 9) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 7.2 or any Talon which would be void pursuant to Condition 7.2.

In the case of Swedish Registered Notes, claims against the Issuer for the payment of principal and interest payable in respect of the Notes shall be prescribed unless made within ten years (in the case

of principal) and five years (in the case of interest) after the Relevant Date therefor and thereafter any principal or interest payable in respect of such Notes shall be forfeited and revert to the Issuer.

11. EVENTS OF DEFAULT

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

- (a) there is a default in the payment of principal or any interest due on the Notes for more than ten days; or
- (b) there is a default in the performance by the Issuer of any other obligation under these Conditions which continues for more than 21 days after notice thereof shall have been given to the Issuer (which, in the case of Notes other than Swedish Registered Notes shall be at the specified office of the Agent); or
- (c) any Borrowing of the Issuer shall be accelerated so as to become due and payable prior to the due date therefor by reason of any default thereunder by the Issuer or any such Borrowing shall not be repaid on the due date thereof or within any applicable grace period, provided that no event described in this Condition 11 shall constitute an Event of Default unless the Borrowing or other relative liability either alone or when aggregated with other Borrowing and/or other liabilities relative to all (if any) other events which shall have occurred and be continuing shall amount to at least €30,000,000 (or its equivalent in any other currency); or
- (d) an order is made or an effective resolution passed for the dissolution or liquidation of the Issuer, or the Issuer is adjudicated or found bankrupt or insolvent by any competent court, or the Issuer ceases or threatens to cease to carry on all or a substantial part of its business or disposes or threatens to dispose of the whole or a substantial part of its assets; or
- (e) the Issuer is unable to pay its debts as they fall due, or an encumbrancer takes possession of the whole or any substantial part of the property of the Issuer, or the Issuer makes an assignment for the benefit of its creditors, or any proceedings are instituted or other action is taken under any applicable bankruptcy, insolvency or similar law in respect of the Issuer seeking adjudication as a bankrupt or insolvent, a moratorium or a composition, or the appointment of a liquidator or receiver (or similar official) in bankruptcy or insolvency of the Issuer or any substantial part of its property, and any such proceedings or other action remains in effect for more than 30 days, or an order is made or effective resolution passed by the Issuer applying for or granting a suspension of payments; or
- (f) the Guarantee of the obligations of the Issuer in respect of the Notes ceases in respect of all the Guarantors to be, or is claimed by all the Guarantors not to be, in full force and effect,

then any Noteholder may, by written notice to the Issuer (which, in the case of Notes other than Swedish Registered Notes shall be at the specified office of the Principal Paying Agent), effective upon the date of receipt thereof by the Issuer or, as applicable, the Principal Paying Agent, declare the Note held by the holder to be forthwith due and payable, whereupon the same shall become forthwith due and payable at the Early Redemption Amount (as described in Condition 8.5), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

For the purposes of paragraph (c) above, **Borrowing** means any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of (i) money borrowed, (ii) liabilities under or in respect of any acceptances, or acceptance credit or (iii) any notes,

bonds, debentures, debenture stock, loan stock or other securities offered, issued or distributed, whether by way of public offer, private placing, acquisition consideration or otherwise and whether issued for cash in whole or in part for a consideration other than cash.

In the case of Swedish Registered Notes the date of repayment will be such later date on which the relevant Notes have been transferred to the account designated by the Issuing Agent and blocked for further transfer by that Issuing Agent.

12. REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS (OTHER THAN SWEDISH REGISTERED NOTES)

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (in the case of Bearer Notes, Receipts or Coupons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

13. AGENT AND PAYING AGENTS

13.1 Notes other than Swedish Registered Notes

The following shall apply only to Notes other than Swedish Registered Notes.

The names of the initial Agent and the other initial Paying Agents and their initial specified offices are set out below.

The Principal Paying agent

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB

Telephone: +44 (0)20 7545 8000
Telefax: +44 (0)20 7547 6149
Attention: Trust & Securities Services

The Non-U.S. Registrar

Deutsche Bank Luxembourg S.A.
2 Boulevard Konrad Adenauer
L-1115 Luxembourg

Telephone: +352 421 221
Telefax: +352 473 136
Attention: Coupon Paying Department

The Luxembourg Paying agent

Deutsche Bank Luxembourg S.A.
2 Boulevard Konrad Adenauer
L-1115 Luxembourg

Telephone: +352 421 221
Telefax: +352 473 136
Attention: Coupon Paying Department

The Exchange agent

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB

Telephone: +44 (0)20 7545 8000
Telefax: +44 (0)20 7547 5782
Attention: Trust & Securities Services

The U.S. Registrar, U.S. paying agent and U.S. Transfer Agent

Deutsche Bank Trust Company Americas
Trust & Securities Services
60 Wall Street, MS NYC60-2710
New York, New York 10005

Telefax: 732-578-4635
Attention: Corporates Team Deal Manager – Kommuninvest Programme

With a copy to:

Deutsche Bank Trust Company Americas
c/o Deutsche Bank National Trust Company
Trust & Securities Services
100 Plaza One, Mailstop JCY03-0699
Jersey City, New Jersey, 07311-3901

Telefax: 732-578-4635
Attention: Corporates Team Deal Manager – Kommuninvest Programme

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (a) so long as the Notes are listed on any stock exchange, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange (or other relevant authority);
- (b) there will at all times be a Paying Agent (which may be the Agent) with a specified office in a city in a principal financial centre in Europe in a jurisdiction other than Sweden;
- (c) so long as any of the Registered Global Notes payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be an Exchange Agent with a specified office in New York City; and
- (d) there will at all times be a Principal Paying Agent and a Registrar; and
- (e) there will at all times be a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 7.2. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 15.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted, or with which it is consolidated or to which it transfers all or substantially all of its assets, to become the successor paying agent.

13.2 Swedish Registered Notes

The following shall apply only to Swedish Registered Notes.

In relation to Swedish Registered Notes the Issuer will, in accordance with the Swedish Financial Instrument Accounts Act (SFS 1998:1479), appoint (a) Euroclear Sweden as the central securities depository, and (b) an Issuing Agent. The Issuing Agent will be specified in the relevant Final Terms.

The Issuer is entitled to vary or terminate the appointment of Euroclear Sweden or the Issuing Agent, provided that the Issuer will appoint another central securities depository or Issuing Agent, each of them to be duly authorised under the Swedish Financial Instrument Accounts Act (SFS 1998:1479). The central securities depository and the Issuing Agent act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders.

14. EXCHANGE OF TALONS

On and after the Fixed Interest Date or the Interest Payment Date, as appropriate, on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Notes to which it appertains) a further Talon, subject to the provisions of Condition 10. Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Fixed Interest Date or the Interest Payment Date (as the case may be) on which the final Coupon comprised in the relative Coupon sheet matures.

15. NOTICES

All notices regarding the Bearer Notes shall be published (a) in a leading English language daily newspaper of general circulation in London and (b) if and for so long as the Bearer Notes are listed on the Official List of, and admitted to trading on, the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, in a daily newspaper of general circulation in Luxembourg and/or on the Luxembourg Stock Exchange's website, *www.bourse.lu*. It is expected that any such publication in a newspaper will be made in the *Financial Times* in London and the *Luxemburger Wort* or the *Tageblatt* in Luxembourg. Any such notice will be deemed to have been given on the date of the first publication in both such newspapers.

All notices to holders of Swedish Registered Notes will be valid if mailed to their registered addresses appearing on the register of Euroclear Sweden. Any such notice shall be deemed to have been given on the fourth day after the day on which it is mailed. No Swedish Registered Notes shall be listed on the Luxembourg Stock Exchange.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any definitive Notes are issued, there may, so long as the Global Note(s) is or are held in its or their entirety on behalf of Euroclear and Clearstream, Luxembourg and/or DTC, be substituted for publication in such newspapers, the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and/or DTC for communication by them to the holders of the Notes, except that, for so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, the notice shall also be published in a daily newspaper of general circulation in Luxembourg. Any such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg and/or DTC.

Notices to be given by any holder of the Notes other than Swedish Registered Notes shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent via Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, in such manner as the Principal Agent and Euroclear and/or Clearstream and/or DTC, Luxembourg, as the case may be, may approve for this purpose.

16. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

16.1 Notes other than Swedish Registered Notes

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or certain provisions of the Agency Agreement. The quorum at any meeting for passing an Extraordinary Resolution is one or more persons present holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons present whatever the nominal amount of the Notes so held or represented by him or them, except that at any meeting the business of which includes the modification of certain provisions of the Notes, Receipts or Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereof, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, Receipts or Coupons or amending the Deed of Covenant in certain respects), the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Principal Paying Agent and the Issuer may agree, without the consent of the Noteholders, Receiptholders or Couponholders to:

- (a) any modification (except as mentioned above) of the Notes, the Receipts, the Coupons, the Deed of Covenant or the Agency Agreement which is not materially prejudicial to the interests of the Noteholders; or

- (b) any modification of the Notes, the Receipts, the Coupons, the Deed of Covenant or the Agency Agreement which is of a formal, minor or technical nature or which is made to correct a manifest error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and shall be notified to the Noteholders in accordance with Condition 15 as soon as practicable thereafter.

16.2 Swedish Registered Notes

Euroclear Sweden and the Issuer may agree, without the consent of the Noteholders to:

- (a) any modification of the Notes which is not materially prejudicial to the interests of the Noteholders; or
- (b) any modification of the Notes which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated.

Any such modification shall be binding on the Noteholders and shall be notified to the Noteholders in accordance with Condition 15 as soon as practicable thereafter.

17. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders, Receiptholders or Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single series with the outstanding Notes, provided that such further notes will be treated as fungible with any Registered Notes for U.S. federal income tax purposes.

18. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

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

19. GOVERNING LAW AND SUBMISSION TO JURISDICTION

The Agency Agreement, the Deed of Covenant, the Deed Poll, the Notes (other than Swedish Registered Notes), the Receipts and the Coupons and any non-contractual obligations arising out of or in connection therewith are governed by, and shall be construed in accordance with, English law.

Swedish Registered Notes and any non-contractual obligations arising out of or in connection with the Swedish Registered Notes are governed by, and shall be construed in accordance with, Swedish Law.

The Issuer irrevocably agrees for the benefit of the holders of Notes other than Swedish Registered Notes, the Receiptholders and the Couponholders, that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Agency Agreement, the Notes, the Receipts and/or the Coupons (including any disputes relating to any non-contractual obligations which may arise out of or in connection with the Agency Agreement, the Notes, the Receipts and/or the Coupons) and that accordingly any suit, action, or proceedings arising out of or in connection therewith, including any suit, action or proceedings relating to any non-contractual

obligations arising out of or in connection with Agency Agreement, the Notes, the Receipts and/or the Coupons) (together referred to as **Proceedings**) may be brought in the courts of England. The Issuer irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any Proceedings in the courts of England and any claim that any Proceedings have been brought in an inconvenient forum and irrevocably agrees that a judgment in any Proceedings brought in the courts of England shall be conclusive and binding upon the Issuer and may be enforced in the courts of any other jurisdiction. Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction; and the taking of Proceedings in one or more jurisdictions shall not preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

The Issuer hereby appoints the Swedish Trade Council at its office for the time being in England as its agent for service of process in England in respect of any Proceedings, and undertakes that in the event of it ceasing so to act it will appoint another person as its agent for that purpose.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied for the general financing activities of the Issuer, which include making a profit. If in respect of any particular issue there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

BOOK-ENTRY CLEARANCE SYSTEMS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the **Clearing Systems**) currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

Book-entry Systems

DTC

DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a "banking organisation" within the meaning of the New York Banking Law, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants (**Participants**) deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (**Indirect Participants**).

Under the rules, regulations and procedures creating and affecting DTC and its operations (the **Rules**), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC's book-entry settlement system (**DTC Notes**) as described below and receives and transmits distributions of principal and interest on DTC Notes. The Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes (**Owners**) have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each DTC Note (**Beneficial Owner**) is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to DTC Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Rule 144A Global Note, will be legended as set forth under "*Subscription and Sale and Transfer and Selling Restrictions*".

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Book-entry Ownership of and Payments in respect of DTC Notes

The Issuer may apply to DTC in order to have any Tranche of Notes represented by a Registered Global Note accepted in its book-entry settlement system. Upon the issue of any such Registered Global Note, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Registered Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Registered Global Note will be limited to Direct Participants or Indirect Participants, including, in the case of any Regulation S Global Note, the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Registered Global Note accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Registered Global Note accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Registered Global Note in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Principal Paying Agent, the Registrar or the Issuer. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the Issuer.

Transfers of Notes Represented by Registered Global Notes

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Registered Global Note accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Registered Global Note accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a direct or indirect participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "*Subscription and Sale and Transfer and Selling Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear account holders, on the

other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Principal Paying Agent and any custodian (**Custodian**) with whom the relevant Registered Global Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Registrar, the Principal Paying Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

KOMMUNINVEST I SVERIGE AKTIEBOLAG (publ)

Incorporation, Purpose and Historical Development

Kommuninvest i Sverige Aktiebolag (publ), herein also called "Kommuninvest", was incorporated in Örebro as a limited liability company for an indefinite period in August 1986 on the local initiative of the County of Örebro and municipalities in that county. Kommuninvest is the result of the ongoing collaboration of local authorities in Sweden to make their operations more cost-effective. The main purpose of this cooperation is to provide financial services to municipalities* who are members (**Members**) of the Kommuninvest Cooperative Society (see – "Ownership and Guarantee") as well as to municipal companies and foundations majority-owned by such municipalities. Under its Articles of Association, Kommuninvest is prohibited from granting loans to a borrower which is not a municipality or does not have a municipal guarantee for the loan.

The benefits offered by cooperation with other municipalities soon attracted municipalities from outside the County of Örebro and Kommuninvest i Örebro län AB was renamed to reflect the expansion of membership throughout Sweden. The name Kommuninvest i Sverige Aktiebolag was adopted on 26 March 1993. Since then the volume of business and the number of Members have increased significantly. The Members now represent approximately 90% of the Swedish municipalities. As a result of EC legislation, Kommuninvest was classified as a public entity on 1 November 1995 with the result that the word "(publ)" now appears at the end of its name.

Legal Status and Registered Office

Following a decision by the Swedish Financial Supervisory Authority (Finansinspektionen) on 19 June 1995, Kommuninvest was granted the status of a joint-stock credit market company in accordance with the Act on Financial Operations which came into force in Sweden on 1 January 1994 as subsequently amended. The authorisation received by Kommuninvest from Finansinspektionen on 19 June 1995 is valid after 1 July 2004 when the Banking and Financial Business Act came into force. The company is registered with the Swedish Companies Registration Office (Bolagsverket) under registration number 556281-4409.

The registered office of Kommuninvest is:

Kommuninvest i Sverige Aktiebolag (publ)
Box 124
701 42 Örebro
Sweden

Business Strategy and Spheres of Operation

Kommuninvest's main business strategy is to obtain good, long-term conditions for the investment financing needs of its Members. This is mainly carried out by direct borrowing in its own name in the domestic and international capital markets and onlending to Members. In addition to loans, it endeavours to provide a range of ancillary services in the field of financial operations. Kommuninvest has also been commissioned to consult and advise a number of municipalities throughout Sweden in financial matters. It is one of the few Swedish entities used to grant loans funded by the European Investment Bank for qualifying projects. It is also able to grant loans funded by the Council of Europe Development Bank.

Due to the legislation in Sweden, placement and claims on Swedish municipalities or placement and claims guaranteed by Swedish municipalities are zero weighted for capital adequacy reasons. In accordance with the Directive 2000/12/EC of 20 March 2000, Article 44, Sweden has notified the European Commission of the zero weighting for Kommuninvest.

Finansinspektionen has confirmed the zero weighting for Kommuninvest under Directive 2006/48/EC.

* The term municipality within the context of the Articles of Association of the Issuer is used to signify a primary or local municipal authority, local federation or county council.

Ownership and Guarantee

Kommuninvest has an authorised share capital of SEK 800,000,000 and a total subscribed and paid-up and issued share capital of SEK 292,385,000 divided into 2,923,850 shares of SEK 100 each and is 100% owned by Kommuninvest Co-operative Society (the **Society**). It is anticipated that the share capital of Kommuninvest will be increased periodically in step with the enlargement of the Society's membership.

Membership in the Society is available only to Swedish municipalities. Each Member must pay to the Society a certain amount as participation capital based on the number of inhabitants in such municipality. The amount per person is decided once a year by the Board of Directors of the Society. For municipalities with more than 90,000 inhabitants, the Board of Directors of the Society may, for the number of inhabitants exceeding 90,000, charge a lower amount per person.

Each Member must also enter into a joint and several guarantee (the **Guarantee**) for all present and future liabilities of Kommuninvest. Any member who leaves the Society will continue to be liable as a Guarantor under the Guarantee in respect of all obligations of Kommuninvest guaranteed by the terms of the Guarantee at the time of such resignation. A Guarantor can only be released from its obligations under the Guarantee in respect of any Note with the consent of the holder of such Note. In addition, a new Member which has executed the Guarantee becomes liable for obligations of Kommuninvest outstanding at the time of such execution as well as subsequently incurred obligations.

As at 31 May 2011, the 242 municipalities and eight county councils listed below are Members of the Society and have, therefore, entered into the joint and several Guarantee.

It is expected that membership of the Society will continue to increase over time which means that the Guarantee will be periodically amended to include those municipalities which, during that time, become Members of the Society.

The Members and their contributions to the participation capital of the Society are as follows (as at 31 May 2011):

Member/Name of Guarantors:	No.	Participation capital (SEK)	Percentage
Gävle Municipality	1	3,208,282	1.08%
Umeå Municipality	2	3,347,111	1.12%
Trollhättans Municipality	3	1,850,214	0.62%
Lindesbergs Municipality	4	903,132	0.30%
Uddevalla Municipality	5	1,722,018	0.58%
Vänersborgs Municipality	6	1,327,025	0.45%
Sandvikens Municipality	7	1,382,690	0.46%
Varbergs Municipality	8	1,801,926	0.61%
Mjölby Municipality	9	948,974	0.32%
Örebro County Council	10	4,752,744	1.60%
Örebro Municipality	11	3,941,700	1.32%
Kumla Municipality	12	625,235	0.21%
Laxå Municipality	13	270,004	0.09%
Ljusnarsbergs Municipality	14	214,076	0.07%

Member/Name of Guarantors:	No.	Participation capital (SEK)	Percentage
Karlskoga Municipality	15	1,230,934	0.41%
Hallsbergs Municipality	16	599,144	0.20%
Degerfors Municipality	17	408,215	0.14%
Askersunds Municipality	18	408,215	0.14%
Nora Municipality	19	355,500	0.12%
Hällefors Municipality	20	335,698	0.11%
Härnösands Municipality	21	994,563	0.33%
Ale Municipality	22	954,412	0.32%
Norbergs Municipality	23	255,944	0.09%
Karlskrona Municipality	24	2,264,671	0.76%
Skellefteå Municipality	25	2,735,910	0.92%
Västerviks Municipality	26	1,515,031	0.51%
Fagersta Municipality	27	521,038	0.17%
Gotlands Municipality	28	2,195,577	0.74%
Alingsås Municipality	29	1,299,849	0.44%
Smedjebackens Municipality	30	500,752	0.17%
Boxholms Municipality	31	217,353	0.07%
Ockelbo Municipality	32	247,365	0.08%
Tanums Municipality	33	471,542	0.16%
Borlänge Municipality	34	1,815,972	0.61%
Strömsunds Municipality	35	602,643	0.20%
Kungsbacka Municipality	36	2,181,659	0.73%
Valdemarsviks Municipality	37	338,119	0.11%
Eda Municipality	38	361,341	0.12%
Gnosjö Municipality	39	374,535	0.13%
Övertorneå Municipality	40	237,625	0.08%
Hedemora Municipality	41	645,008	0.22%
Luleå Municipality	42	2,661,399	0.89%
Falu Municipality	43	2,089,378	0.70%
Landskrona Municipality	44	1,385,571	0.47%
Arboga Municipality	45	554,900	0.19%
Munkedals Municipality	46	422,124	0.14%
Orust Municipality	47	573,205	0.19%
Falkenbergs Municipality	48	1,576,173	0.53%
County Council of Sörmland	49	4,657,592	1.56%
Katrineholms Municipality	50	1,190,905	0.40%
Vadstena Municipality	51	313,242	0.11%
Pajala Municipality	52	341,196	0.11%
Piteå Municipality	53	1,665,257	0.56%
Kristianstads Municipality	54	2,978,383	1.00%
Bergs Municipality	55	350,011	0.12%
Vårgårda Municipality	56	431,506	0.14%

Member/Name of Guarantors:	No.	Participation capital (SEK)	Percentage
Ödeshögs Municipality	57	245,338	0.08%
Orsa Municipality	58	280,500	0.09%
Svedala Municipality	59	734,180	0.25%
Lomma Municipality	60	713,529	0.24%
Lekebergs Municipality	61	287,248	0.10%
Kungsörs Municipality	62	348,011	0.12%
Tjörns Municipality	63	595,879	0.20%
Staffanstorps Municipality	64	759,195	0.25%
Härryda Municipality	65	1,164,255	0.39%
Grums Municipality	66	422,038	0.14%
Höganäs Municipality	67	933,446	0.31%
Ängelholms Municipality	68	1,472,846	0.49%
Flens Municipality	69	711,693	0.24%
Essunga Municipality	70	269,466	0.09%
Nordmalings Municipality	71	361,658	0.12%
Oskarshamns Municipality	72	1,203,790	0.40%
Båstads Municipality	73	622,470	0.21%
Storumans Municipality	74	358,267	0.12%
Älvdalens Municipality	75	396,222	0.13%
Sunne Municipality	76	615,229	0.21%
Hjo Municipality	77	443,185	0.15%
Mönsterås Municipality	78	647,799	0.22%
Malå Municipality	79	191,752	0.06%
Högsby Municipality	80	336,398	0.11%
Torsby Municipality	81	706,128	0.24%
Lycksele Municipality	82	660,658	0.22%
Bengtsfors Municipality	83	548,478	0.18%
Åstorps Municipality	84	630,024	0.21%
Simrishamns Municipality	85	967,529	0.32%
Vimmerby Municipality	86	768,503	0.26%
Hultsfreds Municipality	87	787,000	0.26%
Mörbylånga Municipality	88	657,624	0.22%
Arvika Municipality	89	1,287,648	0.43%
Hammarö Municipality	90	682,525	0.23%
Karlshamns Municipality	91	1,504,592	0.51%
Skara Municipality	92	899,519	0.30%
Sävsjö Municipality	93	568,178	0.19%
Skurups Municipality	94	658,636	0.22%
Vindelns Municipality	95	307,884	0.10%
Rättviks Municipality	96	540,722	0.18%
Melleruds Municipality	97	497,661	0.17%
Färgelanda Municipality	98	352,968	0.12%

Member/Name of Guarantors:	No.	Participation capital (SEK)	Percentage
Söderköpings Municipality	99	665,667	0.22%
Vetlanda Municipality	100	1,316,499	0.44%
Herrljunga Municipality	101	460,862	0.15%
Laholms Municipality	102	1,100,471	0.37%
County Council of Gävleborg	103	6,796,988	2.28%
Marks Municipality	104	1,595,629	0.54%
Leksands Municipality	105	745,577	0.25%
Strömstads Municipality	106	525,838	0.18%
Upplands-Bro Municipality	107	987,183	0.33%
Alvesta Municipality	108	923,410	0.31%
Kalix Municipality	109	886,658	0.30%
Bräcke Municipality	110	435,172	0.15%
Örkelljunga Municipality	111	529,524	0.18%
Götene Municipality	112	735,872	0.25%
Ovanåkers Municipality	113	743,126	0.25%
Ydre Municipality	114	243,555	0.08%
Bollebygds Municipality	115	455,810	0.15%
Torsås Municipality	116	431,759	0.15%
Habo Municipality	117	549,701	0.18%
Gagnefs Municipality	118	576,097	0.19%
Sotenäs Municipality	119	546,071	0.18%
Köpings Municipality	120	1,405,502	0.47%
Bodens Municipality	121	1,621,709	0.54%
Tranemo Municipality	122	680,655	0.23%
Nässjö Municipality	123	1,667,852	0.56%
Kinda Municipality	124	571,406	0.19%
Sigtuna Municipality	125	2,020,182	0.68%
Karlsborgs Municipality	126	345,781	0.12%
Robertsfors Municipality	127	347,045	0.12%
Älvsbyns Municipality	128	484,092	0.16%
Mora Municipality	129	1,171,358	0.39%
Tranås Municipality	130	1,033,551	0.35%
Eksjö Municipality	131	885,888	0.30%
Heby Municipality	132	746,819	0.25%
Oxelösunds Municipality	133	606,484	0.20%
Haninge Municipality	134	3,841,067	1.29%
Kungälv Municipality	135	2,089,002	0.70%
Tomelilla Municipality	136	603,540	0.20%
Växjö Municipality	137	3,946,892	1.33%
Trelleborgs Municipality	138	2,073,791	0.70%
Lessebo Municipality	139	467,131	0.16%
Sätters Municipality	140	477,262	0.16%

Member/Name of Guarantors:	No.	Participation capital (SEK)	Percentage
Ånge Municipality	141	597,652	0.20%
County Council of Västmanland	142	2,794,491	0.94%
Ljusdals Municipality	143	993,634	0.33%
Norsjö Municipality	144	215,187	0.07%
Hofors Municipality	145	645,561	0.22%
Överkalix Municipality	146	213,681	0.07%
Kils Municipality	147	639,738	0.21%
Härjedalens Municipality	148	639,738	0.21%
County Council of Värmland	149	3,232,582	1.09%
Eslövs Municipality	150	1,631,549	0.55%
Mullsjö Municipality	151	353,234	0.12%
Vingåkers Municipality	152	449,593	0.15%
Munkfors Municipality	153	210,200	0.07%
Ystads Municipality	154	1,471,397	0.49%
Säffle Municipality	155	908,979	0.31%
Bollnäs Municipality	156	1,468,350	0.49%
Storfors Municipality	157	209,329	0.07%
Huddinge Municipality	158	4,814,570	1.62%
Håbo Municipality	159	1,044,470	0.35%
Gällivare Municipality	160	1,039,350	0.35%
County Council of Uppsala län	161	3,470,215	1.17%
Kramfors Municipality	162	1,174,061	0.39%
Haparanda Municipality	163	621,562	0.21%
Krokoms Municipality	164	762,190	0.26%
Arvidsjaur Municipality	165	344,743	0.12%
Mariestads Municipality	166	1,307,863	0.44%
Åsele Municipality	167	206,505	0.07%
Sollefteå Municipality	168	1,170,193	0.39%
Örnsköldsviks Municipality	169	2,955,007	0.99%
Karlstads Municipality	170	4,466,871	1.50%
Surahammars Municipality	171	617,466	0.21%
Filipstads Municipality	172	616,442	0.21%
Motala Municipality	173	2,260,287	0.76%
Jokkmokks Municipality	174	341,899	0.11%
Hallstahammars Municipality	175	887,458	0.30%
Avesta Municipality	176	1,160,522	0.39%
Trosa Municipality	177	614,394	0.21%
Lilla Edets Municipality	178	747,754	0.25%
Skinnskattebergs Municipality	179	203,068	0.07%
Kiruna Municipality	180	1,283,358	0.43%
Finspångs Municipality	181	1,143,367	0.38%
Lysekil Municipality	182	739,825	0.25%

Member/Name of Guarantors:	No.	Participation capital (SEK)	Percentage
Söderhamns Municipality	183	1,409,367	0.47%
Hudviksvalls Municipality	184	1,946,268	0.65%
County Council of Norrbotten	185	2,815,825	0.95%
Dorotea Municipality	186	201,338	0.07%
Nordanstigs Municipality	187	467,771	0.16%
Arjeplogs Municipality	188	200,041	0.07%
Botkyrka Municipality	189	4,067,493	1.37%
Nybro Municipality	190	998,041	0.34%
Hagfors Municipality	191	731,897	0.25%
Vännäs Municipality	192	465,752	0.16%
Bjurholms Municipality	193	198,968	0.07%
Eskilstuna Municipality	194	4,843,918	1.63%
Gnesta Municipality	195	462,767	0.16%
Forshaga Municipality	196	593,067	0.20%
Kalmar Municipality	197	3,228,918	1.08%
Sjöbo Municipality	198	985,245	0.33%
Stenungsund Municipality	199	1,247,977	0.42%
Strängnäs Municipality	200	1,642,076	0.55%
Åre Municipality	201	458,288	0.15%
Ludvika Municipality	202	1,374,865	0.46%
Lerums Municipality	203	1,898,623	0.64%
Nykvarns Municipality	204	453,810	0.15%
Vilhelmina Municipality	205	324,150	0.11%
Emmaboda Municipality	206	450,824	0.15%
Vansbro Municipality	207	322,017	0.11%
Töreboda Municipality	208	450,824	0.15%
Sölvesborgs Municipality	209	834,473	0.28%
Ragunda Municipality	210	320,951	0.11%
Osby Municipality	211	703,747	0.24%
Vaggeryds Municipality	212	703,747	0.24%
Timrå Municipality	213	959,655	0.32%
Knivsta Municipality	214	703,747	0.24%
Åtvidabergs Municipality	215	574,170	0.19%
Uppvidinge Municipality	216	446,577	0.15%
Svenljunga Municipality	217	570,925	0.19%
Tingsryds Municipality	218	697,797	0.23%
Jönköpings Municipality	219	5,854,380	1.97%
Lunds Municipality	220	5,122,628	1.72%
Ulricehamns Municipality	221	1,063,089	0.36%
Tierps Municipality	222	935,316	0.31%
Grästorps Municipality	223	311,772	0.10%
Malung-Sälens Municipality	224	556,322	0.19%

Member/Name of Guarantors:	No.	Participation capital (SEK)	Percentage
Östra Göinge Municipality	225	679,949	0.23%
Årjängs Municipality	226	431,629	0.14%
Dals-Eds Municipality	227	184,984	0.06%
Vaxholms Municipality	228	554,952	0.19%
Älvkarleby Municipality	229	431,629	0.14%
Ljungby Municipality	230	1,291,697	0.43%
Hörby Municipality	231	676,603	0.23%
Älmhults Municipality	232	799,622	0.27%
Burlövs Municipality	233	799,622	0.27%
Hässleholms Municipality	234	2,392,946	0.80%
Olofströms Municipality	235	674,934	0.23%
Sala Municipality	236	1,043,079	0.35%
Öckerö Municipality	237	550,854	0.19%
Kristinehamns Municipality	238	1,162,914	0.39%
Östhammars Municipality	239	1,037,928	0.35%
Bromölla Municipality	240	548,130	0.18%
Gullspångs Municipality	241	303,762	0.10%
Aneby Municipality	242	303,762	0.10%
Lidköpings Municipality	243	1,878,647	0.63%
Bjuvs Municipality	244	664,959	0.22%
Nynäshamns Municipality	245	1,266,308	0.43%
Norrköpings Municipality	246	5,734,847	1.93%
Halmstads Municipality	247	4,270,657	1.43%
Ronneby Municipality	248	1,383,452	0.46%
Sorsele Municipality	249	182,700	0.06%
Falköpings Municipality	250	1,516,875	0.51%
Upplands-Väsby Municipality	251	1,878,600	0.63%
Hylte kommun	252	544,725	0.18%
Borgholms kommun	253	544,725	0.18%
Höörs kommun	254	664,950	0.22%
Vara Municipality	255	784,875	0.26%
Vallentuna Municipality	256	1,386,900	0.47%
Salems Municipality	257	783,900	0.26%
Tyresö Municipality	258	2,110,500	0.71%
Tidaholms Municipality	259	662,475	0.22%
Värmdö Municipality	260	1,862,325	0.63%
Norrtälje Municipality	261	2,700,000	0.91%
County Council of Dalarna	262	2,764,540	0.93%
		297,757,452	100.0%

Audit

Kommuninvest, as a joint-stock credit market company, falls under the supervision of Finansinspektionen in Sweden. In accordance with the Articles of Association, on the occasion of the Annual General Meeting of Kommuninvest, an auditor shall be appointed and a deputy auditor may be appointed to serve up to the end of the general meeting which is held during the fourth financial year after the election of the auditor.

The current auditors of Kommuninvest are Ernst & Young AB, with authorised public accountant and member of FAR, Peter Strandh, as auditor in charge.

Rating

Kommuninvest's long term debt is rated by Moody's Investors Service, Inc. and by Standard & Poor's Rating Services, a division of the McGraw-Hill Companies Inc.

Employees

Kommuninvest presently has 57 employees.

Members of the Board of Directors

In accordance with the Articles of Association, Kommuninvest's Board of Directors shall comprise not less than five nor more than nine members. Members and deputies are elected annually at the Annual General Meeting and serve until the close of the next Annual General Meeting.

At least one of the members of the Board of Directors of Kommuninvest shall also be a member of the Board of Directors of the Society.

The Board of Directors has the right to authorise the President or any other person to make certain decisions which are otherwise normally dependent upon a resolution passed by the Board. Any such authorisation shall be accompanied by written Directives or Instructions ratified by the Board.

The Board of Directors

The members of the Board of Directors of Kommuninvest are as follows:

Board Members:

Björn Börjesson, Executive Chairman, former Executive Vice President, Svenska Handelsbanken, Stockholm, Sweden

Ellen Bramness Arvidsson, Vice Chairman, Chief Economist, Swedish Insurance Federation, Stockholm, Sweden

Lorentz Andersson, former County Governor, County Council of Västerbotten, Umeå, Sweden

Anna von Knorring, Deputy Director, State Treasury, Helsinki, Finland

Catharina Lagerstam, Consultant and professional board member, Stockholm, Sweden

Johan Törngren, Senior Vice President SAS GROUP Finance and Asset Management, SAS AB

Anna Sandborgh, Chief Administrative Officer, Municipality of Karlstad, Karlstad, Sweden

Kurt Eliasson, CEO, Swedish Association of Municipal Housing Companies (SABO), Stockholm, Sweden

Executive Management Group

Tomas Werngren, President and CEO

Maria Viimne, Deputy CEO

Johanna Larsson, Head of Administration

Anders Gånge, Head of Finance Department

Financial Year

Kommuninvest 's financial year follows the calendar year.

Recent Developments

In October 2009 two professional noteholders filed a lawsuit against the Issuer regarding a structured note issued in 2004. The noteholders are questioning whether the issue was legally valid under Swedish law and whether sufficient information regarding the issue was provided.

FINANCIAL INFORMATION CONCERNING THE ISSUER

The financial information set out in this Base Prospectus in the tables below is directly derived from and should be read in conjunction with the Issuer's annual report for 2010, audited by Ernst & Young AB. The Kommuninvest Annual Report has been prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL), and the regulations and general recommendations of the Swedish Financial Supervisory Authority (Finansinspektionen) regarding annual accounts for credit institutions and securities companies (FFFS 2008:25). Consequently all International Financial Reporting Standards (IFRS) and statements endorsed by the EU are followed as far as possible, within the provisions of ÅRKL and taking into account the additions and exemptions specified in FFFS 2008:25.

Capitalisation of the Issuer

The following table sets out the audited capitalisation of the Issuer as at 31 December 2010 and its shareholders' funds as at 31 December 2010. The table should be read in conjunction with the financial statements referred to elsewhere in this document.

	<i>As at 31 December 2010</i>	<i>As at 31 December 2009⁽¹⁾</i>
<i>(in millions of SEK)</i>		
Total debt:		
Liabilities to credit institutions	3,438.9	7,348.1
Securities issued	173,851.9	164,696.1
Derivatives	10,794.2	9,873.0
Other liabilities	66.4	349.6
Accrued expenses and deferred income	44.1	35.6
Provisions	1.2	0.9
Subordinated liabilities	1,002.9	-
Total debt	189,199.5	182,303.4
Untaxed reserves	217.9	134.7
Shareholders funds		
Share capital	273.4	259.6
New share issue in progress	15.0	10.0
Statutory reserve	17.5	17.5
Fund for fair value	(11.3)	41.3
Profit or loss brought forward	347.6	191.2
Profit for the year	140.6	170.6
Total Shareholders Funds	782.8	690.2
Total Capitalisation	190,200.2	183,128.2

Note: There has been no material change to the capitalisation and indebtedness of the Issuer since 31 December 2010.

(1) Changes due to new accounting principles – please refer to page 52 of the Annual Report for the year ended 31 December 2010

KOMMUNINVEST I SVERIGE AB (publ)

Balance Sheet

ASSETS	<i>As at 31 December 2010</i>	<i>As at 31 December 2009</i>
	<i>(in millions of SEK)</i>	
Cash	0.0	0.0
State bonds eligible as collateral	12,887.7	20,912.3
Lending to credit institutions	1,697.6	1,851.2
Lending	133,729.1	123,624.1
Bonds and other interest-bearing securities	28,759.5	25,604.0
Shares and participations	1.0	0.7
Shares and participations in associated companies	0.5	0.5
Derivatives	13,024.0	11,105.3
Tangible assets	6.9	3.6
Other assets	67.5	19.3
Pre-paid expenses and accrued income	26.4	7.1
TOTAL ASSETS	190,200.2	183,128.2
LIABILITIES, PROVISIONS AND EQUITY		
Liabilities to credit institutions	3,438.9	7,348.1
Securities issued	173,851.9	164,696.1
Derivatives	10,794.2	9,873.0
Other liabilities	66.4	349.6
Accrued expenses and deferred income	44.1	35.6
Provisions	1.2	0.9
Subordinate liabilities	1,002.9	0.0
Total liabilities and provisions	189,199.5	182,303.4
Untaxed reserves	217.9	134.7
Share capital	273.4	259.6
New share issue in progress	15.0	10.0
Statutory reserve	17.5	17.5
Fund for fair value	(11.3)	41.3
Profit (or loss) brought forward	347.6	191.2
Profit for the year	140.6	170.6
Equity	782.8	690.2
Total liabilities, provisions and equity	190,200.2	183,128.2
Other pledged assets	4,808.2	3,499.9
Obligations - pledged loans	1,856.0	1,498.9

Income Statement

	<i>Year ended 31 December 2010</i>	<i>Year ended 31 December 2009</i>
	<i>(in millions of SEK)</i>	
Interest income	3025.0	3,339.7
Interest expenses	(2,593.0)	(2,957.6)
NET INTEREST INCOME	432.1	382.1
Commission expenses	(4.4)	(3.5)
Net result of financial transactions	17.2	90.6
Other operating income	0.3	0.2
TOTAL OPERATING INCOME	445.1	469.4
General administration expenses	(160.5)	(127.8)
Depreciation on tangible fixed assets	(2.7)	(1.8)
Other operating expenses	(6.2)	(4.8)
TOTAL EXPENSES	(169.4)	(134.4)
OPERATING PROFIT	275.7	335.0
Appropriations	(83.2)	(82.5)
Tax on profit for the period	(51.9)	(81.9)
PROFIT FOR THE YEAR	140.6	170.6

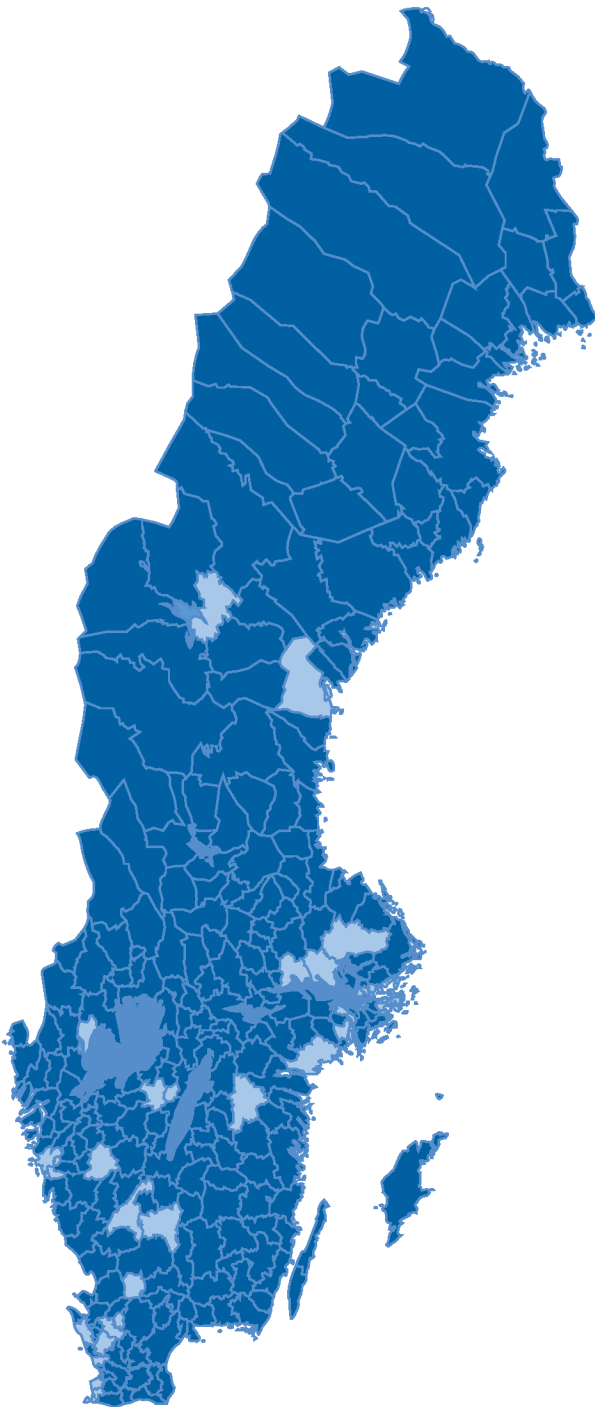
Cash Flow Statement

	<i>For the year ended 31 December 2010</i>	<i>For the year ended 31 December 2009</i>
	<i>(in millions of SEK)</i>	
Liquid assets at the start of the accounting period	427.7	340.8
Operational activities		
Operating profit	275.7	335.0
Adjustment for items not included in cash flow	88.0	8.2
Income tax paid	(121.0)	(14.3)
Cash flow from operational activities before the change in the assets and liabilities of operational activities	242.7	328.9
Change in interest bearing securities	6,163.7	(26,260.1)
Change in lending	(11,143.9)	(18,655.1)
Change in other assets	(11.3)	2.9
Change in other liabilities	(235.0)	256.2
Cash flow from operational activities	(4,983.8)	(44,327.2)
Investing activities		
Sale/disposal of tangible assets	0.4	-
Acquisition of tangible assets	(6.4)	(1.0)
Cash flow from investment activities	(6.0)	(1.0)
Financing activities		
Change in securities issued	9,210.7	42,381.4
Change in liabilities to credit institutions	(3,950.5)	2,013.3
Subordinated Loans	1,000.0	-
New share issue	18.8	32.9
Group contribution paid	(19.3)	(12.5)
Cash flow from financing activities	6,259.7	44,415.1
Cash flow for the year	1,269.9	86.9
Cash and cash equivalents at the end of the accounting year	1,697.6	427.7

Note:

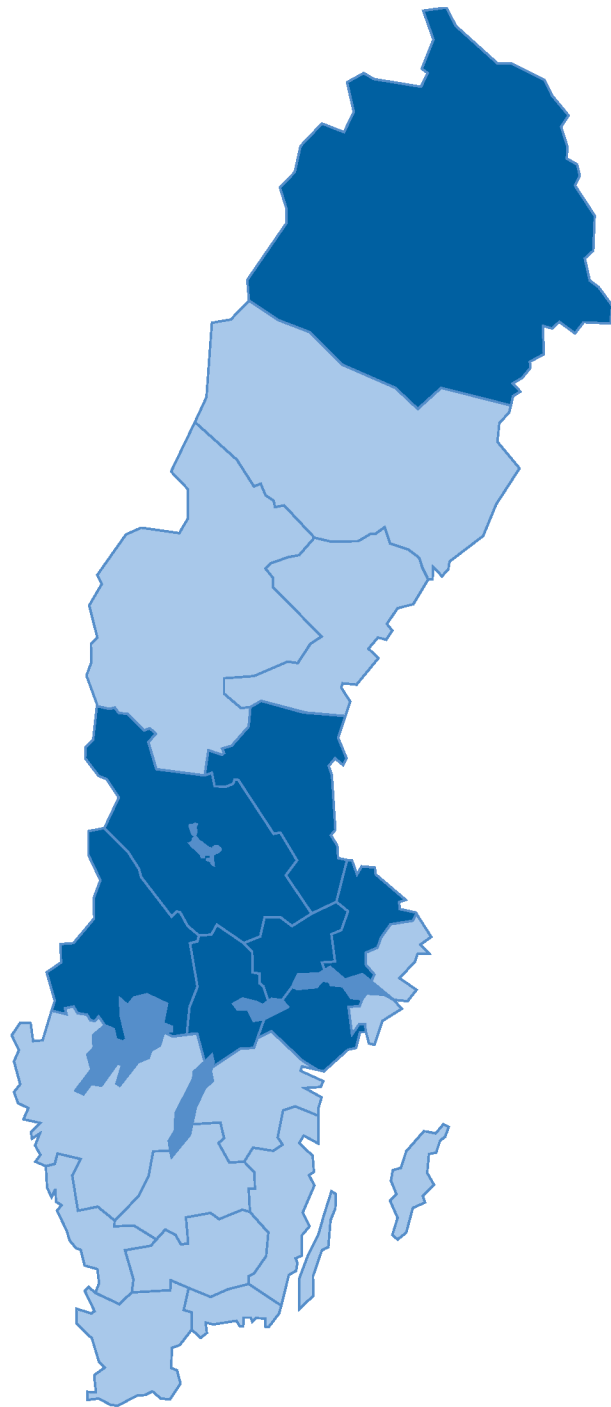
(1) The Cash Flow Statement is produced using the cash accounting method and based on the operating profit for the period and changes in the Balance Sheet's opening balances. Operating profit has been adjusted for changes not included in operational activities. The cash flow statement has been divided into inward and outward payments from operational activities, investment activities and financing activities.

MAP OF SWEDEN
(As at 31 May 2011)



= Member Municipalities

254 Municipalities out of 290 are members



= Member County Councils

8 County Councils out of 20 are members



LOCAL GOVERNMENT IN SWEDEN

Systems of local government were introduced in Sweden as far back as the Middle Ages. They were first conceived in their present form in the Local Government Act of 1862 and are written into the constitution. The following quotation from the Instrument of Government is a clear indicator of the considerable importance accorded to local government in Sweden.

"All public power in Sweden proceeds from the people. Swedish democracy is founded on freedom of opinion and on universal and equal suffrage. It shall be realised through a representative and parliamentary policy and through local self-government. Public power shall be exercised within the compass of the law."

There are primary and regional municipalities in Sweden. The decision-making power in the municipalities is vested in elected assemblies, who may require the municipalities to levy taxes in order to be able to perform their tasks. The right to levy taxes is enshrined in the Swedish constitution.

There are two tiers of local government in Sweden: 20 regional county councils and 290 local municipalities. Currently, the responsibility for providing services to local residents is shared between the municipalities, the county councils and the state. An indication of the division of responsibility is given below.

Municipalities are responsible for social services, childcare and care of the elderly, public utilities (energy, water and sewage, refuse collection), education up to university level, road maintenance, housing development, rescue services, environment protection, culture and leisure facilities.

County councils are responsible for hospitals, healthcare and preventive medicine and public transport.

Each municipality and county council has an executive body called a council. The members of these councils are elected by the people in direct elections which are held once every four years on the same day as the parliamentary elections.

The municipal councils and the county councils have the right to make decisions in all municipal matters. Matters submitted to the council for decisions (other than auditing matters) must first be reviewed by the executive committee of the municipality or county council. This committee is elected by the council and usually has between 9 and 13 members.

The day-to-day affairs of the municipalities and county councils are administered by a number of local government officers under the auspices of the executive committee or special committees. The current Local Government Act empowers the municipality or county council with considerable freedom to determine the committee structure and other forms of organisational administration.

The expenditure incurred by the local government units is mainly covered by local income-based taxes levied by the municipality or county council. Tax rates are determined by the municipality or county council in connection with the ratification of the budget for the coming year. These decisions do not need the approval of any state authority in order to become valid. There is also a state-administered system for compensating the imbalance in the tax capacity of different municipalities.

State grants form a second important source of income. For some years now state grants have been general in nature and are not earmarked for any specific purpose. Other sources of income are direct charges for utilities such as water and sewage, electricity supply and childcare services.

U.S. FEDERAL INCOME TAX CONSIDERATIONS

TO ENSURE COMPLIANCE WITH INTERNAL REVENUE SERVICE (IRS) CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

The following is a summary of certain U.S. federal income tax considerations relevant to U.S. Holders (as defined below) acquiring, holding and disposing of Notes. This summary addresses only the U.S. federal income tax considerations for initial purchasers of Notes at their issue price (as defined below), or in the case of a further issuance at the further issuance price, that will hold the Notes as capital assets (generally, property held for investment). This summary is based on the U.S. Internal Revenue Code of 1986 (the Code), final, temporary and proposed U.S. Treasury regulations, administrative and judicial interpretations, all of which are subject to change, possibly with retroactive effect.

This summary does not address the material U.S. federal income tax consequences of every type of Note which may be issued under the Programme, and the relevant Final Terms may contain additional or modified disclosure concerning the material U.S. federal income tax consequences relevant to such type of Note as appropriate. This summary does not discuss all aspects of U.S. federal income taxation that may be relevant to investors in light of their particular circumstances, such as investors subject to special tax rules (including, without limitation: (i) financial institutions; (ii) insurance companies; (iii) dealers or traders in stocks, securities, or currencies or notional principal contracts; (iv) regulated investment companies; (v) real estate investment trusts; (vi) tax-exempt organisations; (vii) partnerships, pass-through entities, or persons that hold Notes through pass-through entities; (viii) investors that hold Notes as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for U.S. federal income tax purposes; (ix) investors that have a functional currency other than the U.S. Dollar and (x) U.S. expatriates and former long-term residents of the United States), all of whom may be subject to tax rules that differ significantly from those summarised below. This summary does not address U.S. federal estate, gift or alternative minimum tax considerations, or non-U.S., state or local tax considerations. This discussion applies only to holders of Registered Notes. Bearer Notes are not being offered to U.S. Holders. A U.S. Holder who owns a Bearer Note may be subject to limitations under U.S. federal income tax laws, including the limitations provided in Section 165(j) and 1287 of the Code. Moreover, the summary deals only with Notes with a term of 30 years or less. The U.S. federal income tax consequences of owning Notes with a longer term may be discussed in the applicable Final Terms.

For the purposes of this summary, a "US Holder" is a beneficial owner of Notes that is for U.S. federal income tax purposes (i) an individual who is a citizen or resident of the United States, (ii) a corporation created in, or organised under the laws of, the United States or any state thereof, including the District of Columbia, (iii) an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source or (iv) a trust that is subject to U.S. tax on its worldwide income regardless of its source.

This summary should be read in conjunction with any discussion of U.S. federal income tax consequences in the applicable Final Terms. To the extent there is any inconsistency in the discussion of U.S. tax consequences to holders between this Base Prospectus and the applicable Final Terms, holders should rely on the tax consequences described in the applicable Final Terms instead of this Base Prospectus. The Issuer generally intends to treat Notes issued under the Programme as debt, unless otherwise indicated in the applicable Final Terms. Certain Notes, however, such as certain Index Linked Notes or Notes with extremely long maturities, may be treated as equity for U.S. federal income tax purposes. The tax treatment of Notes to

which a treatment other than as debt may apply may be discussed in the applicable Final Terms. The following disclosure applies only to Notes that are treated as debt for U.S. federal income tax purposes.

Payments of Interest

General

Interest on a Note, including the payment of any Additional Amounts whether payable in U.S. Dollars or a currency other than U.S. Dollars (a **foreign currency**), other than interest on a "Discount Note" that is not "qualified stated interest" (each as defined below under "Original Issue Discount — General"), will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, in accordance with the holder's method of accounting for tax purposes. Interest paid by the Issuer on the Notes and OID (as defined below), if any, accrued with respect to the Notes (as described below under "Original Issue Discount") and payments of any Additional Amounts will generally constitute income from sources outside the United States.

Foreign Currency Denominated Interest

If a qualified stated interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognized by a cash basis U.S. Holder will be the U.S. Dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. Dollars.

An accrual basis U.S. Holder may determine the amount of income recognized with respect to an interest payment denominated in, or determined by reference to, a foreign currency in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, with respect to an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year).

Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year. Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period or taxable year, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. Dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS.

Upon receipt of the interest payment (including a payment attributable to accrued but unpaid interest upon the sale or other disposition of a Note) denominated in, or determined by reference to, a foreign currency, the U.S. Holder will recognize U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference, if any, between the amount received (translated into U.S. Dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. Dollars.

Original Issue Discount

General

The following is a summary of the principal U.S. federal income tax consequences of the ownership of Notes issued with original issue discount (**OID**). The following summary does not discuss Notes that are characterized as contingent payment debt instruments for U.S. federal income tax purposes. In the event that

the Issuer issues contingent payment debt instruments, the applicable Final Terms may describe the material U.S. federal income tax consequences thereof.

A Note, other than a Note with a term of one year or less (a **Short-Term Note**), will be treated as issued with OID (a **Discount Note**) if the excess of the Note's "stated redemption price at maturity" over its issue price is at least a *de minimis* amount (0.25% of the Note's stated redemption price at maturity multiplied by the number of complete years to its maturity). An obligation that provides for the payment of amounts other than qualified stated interest before maturity (an **instalment obligation**) will be treated as a Discount Note if the excess of the Note's stated redemption price at maturity over its issue price is equal to or greater than 0.25% of the Note's stated redemption price at maturity multiplied by the weighted average maturity of the Note. A Note's weighted average maturity is the sum of the following amounts determined for each payment on a Note (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Note's stated redemption price at maturity. Generally, the **issue price** of a Note under the applicable Final Terms will be the first price at which a substantial amount of such Notes included in the issue of which the Note is a part is sold to persons other than bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers. The **stated redemption price at maturity** of a Note is the total of all payments provided by the Note that are not payments of "qualified stated interest". A **qualified stated interest** payment is generally any one of a series of stated interest payments on a Note that are unconditionally payable at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods), or a variable rate (in the circumstances described below under "Variable Interest Rate Notes"), applied to the outstanding principal amount of the Note. Solely for the purpose of determining whether a Note has OID, the Issuer will be deemed to exercise any call option that has the effect of decreasing the yield on the Note, and the U.S. Holder will be deemed to exercise any put option that has the effect of increasing the yield on the Note. If a Note has *de minimis* OID, a U.S. Holder must include the *de minimis* amount in income as stated principal payments are made on the Note, unless the holder makes the election described below under "—Election to Treat All Interest as Original Issue Discount". A U.S. Holder can determine the includible amount with respect to each such payment by multiplying the total amount of the Note's *de minimis* OID by a fraction equal to the amount of the principal payment made divided by the stated principal amount of the Note.

U.S. Holders of Discount Notes must generally include OID in income calculated on a constant-yield method before the receipt of cash attributable to the income, and will generally have to include in income increasingly greater amounts of OID over the life of the Discount Notes. The amount of OID includible in income by a U.S. Holder of a Discount Note is the sum of the daily portions of OID with respect to the Discount Note for each day during the taxable year or portion of the taxable year on which the U.S. Holder holds the Discount Note (**accrued OID**). The daily portion is determined by allocating to each day in any "accrual period" a pro rata portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Discount Note as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Note's adjusted issue price at the beginning of the accrual period and the Discount Note's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the Discount Note allocable to the accrual period. The **adjusted issue price** of a Discount Note at the beginning of any accrual period is the issue price of the Note increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Note that were not qualified stated interest payments.

Election to Treat All Interest as Original Issue Discount

A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant-yield method described above under "Original Issue Discount — General" with certain modifications. For

purposes of this election, interest includes stated interest, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortizable bond premium (described below under "Notes Purchased at a Premium"). If a U.S. Holder makes this election for the Note, then, when the constant-yield method is applied, the issue price of the Note will equal its cost, the issue date of the Note will be the date of acquisition, and no payments on the Note will be treated as payments of qualified stated interest. This election will generally apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. However, if the Note has amortizable bond premium, the U.S. Holder will be deemed to have made an election to apply amortizable bond premium against interest for all debt instruments with amortizable bond premium, other than debt instruments the interest on which is excludible from gross income, held as of the beginning of the taxable year to which the election applies or any taxable year thereafter.

Additionally, if a U.S. Holder makes a constant yield election with respect to a Note with market discount (discussed below), the U.S. Holder will be treated as having made an election to include market discount in income currently over the life of all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which such election applies. U.S. Holders should consult their tax advisers about making this election in light of their particular circumstances.

Variable Interest Rate Notes

Notes that provide for interest at variable rates (**Variable Interest Rate Notes**) will generally bear interest at a "qualified floating rate" and thus will be treated as "variable rate debt instruments" under U.S. Treasury regulations governing accrual of OID. A Variable Interest Rate Note will qualify as a "variable rate debt instrument" if (a) its issue price does not exceed the total non-contingent principal payments due under the Variable Interest Rate Note by more than a specified *de minimis* amount and (b) it provides for stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate.

A **qualified floating rate** is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Interest Rate Note is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Interest Rate Note (*e.g.*, two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable Interest Rate Note's issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (*i.e.*, a cap) or a minimum numerical limitation (*i.e.*, a floor) may, under certain circumstances, fail to be treated as a qualified floating rate unless the cap or floor is fixed throughout the term of the Note.

An **objective rate** is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based on objective financial or economic information (*e.g.*, one or more qualified floating rates or the yield of actively traded personal property). Other variable interest rates may be treated as objective rates if so designated by the IRS in the future. Despite the foregoing, a variable rate of interest on a Variable Interest Rate Note will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Variable Interest Rate Note's term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Variable Interest Rate Note's term. A **qualified inverse floating rate** is any objective rate where the rate is equal to a fixed

rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Variable Interest Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Variable Interest Rate Note's issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a "current value" of that rate. A **current value** of a rate is the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

If a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a "variable rate debt instrument", then any stated interest on the Note which is unconditionally payable in cash or property (other than debt instruments of the Issuer) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a "variable rate debt instrument" will generally not be treated as having been issued with OID unless the Variable Interest Rate Note is issued at a "true" discount (i.e., at a price below the Note's stated principal amount) in excess of a specified *de minimis* amount. OID on a Variable Interest Rate Note arising from "true" discount is allocated to an accrual period using the constant yield method described above by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note.

In general, any other Variable Interest Rate Note that qualifies as a "variable rate debt instrument" will be converted into an "equivalent" fixed rate debt instrument for purposes of determining the amount and accrual of OID and qualified stated interest on the Variable Interest Rate Note. Such a Variable Interest Rate Note must be converted into an "equivalent" fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Interest Rate Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Variable Interest Rate Note's issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Interest Rate Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note. In the case of a Variable Interest Rate Note that qualifies as a "variable rate debt instrument" and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Interest Rate Note provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Variable Interest Rate Note as of the Variable Interest Rate Note's issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Interest Rate Note is converted into an "equivalent" fixed rate debt instrument in the manner described above.

Once the Variable Interest Rate Note is converted into an "equivalent" fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the "equivalent" fixed rate debt instrument by applying the general OID rules to the "equivalent" fixed rate debt instrument and a U.S. Holder of the Variable Interest Rate Note will account for the OID and qualified stated interest as if the U.S. Holder held the "equivalent" fixed rate debt instrument. In each accrual period,

appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the "equivalent" fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Variable Interest Rate Note during the accrual period.

If a Variable Interest Rate Note, such as a Note the payments on which are determined by reference to an index, does not qualify as a "variable rate debt instrument", then the Variable Interest Rate Note will be treated as a contingent payment debt obligation. The proper U.S. federal income tax treatment of Variable Interest Rate Notes that are treated as contingent payment debt may be more fully described in the applicable Final Terms.

Short-Term Notes

In general, an individual or other cash basis U.S. Holder of a Short-Term Note is not required to accrue OID (calculated as set forth below for the purposes of this paragraph) for U.S. federal income tax purposes unless it elects to do so (but may be required to include any stated interest in income as the interest is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Notes on a straight-line basis or, if the U.S. Holder so elects, under the constant-yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realized on the sale or other disposition of the Short-Term Note will be ordinary income to the extent of the OID accrued on a straight-line basis (unless an election is made to accrue the OID under the constant-yield method) through the date of sale or other disposition. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Notes will be required to defer deductions for interest on borrowings allocable to Short-Term Notes in an amount not exceeding the deferred income until the deferred income is realized.

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Note are included in the Short-Term Note's stated redemption price at maturity. A U.S. Holder may elect to determine OID on a Short-Term Note as if the Short-Term Note had been originally issued to the U.S. Holder at the U.S. Holder's purchase price for the Short-Term Note. This election shall apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

Foreign Currency Notes

OID for any accrual period on a Note that is denominated in, or determined by reference to, a foreign currency other than the U.S. Dollar (**foreign currency Notes**) will be determined in the foreign currency and then translated into U.S. Dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above under "Payments of Interest". Upon receipt of an amount attributable to OID (whether in connection with a payment of interest or the sale or other disposition of a Note), a U.S. Holder will generally recognize exchange gain or loss, which will be ordinary gain or loss measured by the difference between the amount received (translated into U.S. Dollars at the exchange rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. Dollars.

Market Discount

If a U.S. Holder purchases a Note (other than a Short-Term Note) for an amount that is less than its stated redemption price at maturity or, in the case of a Discount Note, its adjusted issue price, the amount of the difference will be treated as market discount for U.S. federal income tax purposes, unless this difference is less than a specified *de minimis* amount.

A U.S. Holder will be required to treat any principal payment (or, in the case of a Discount Note, any payment that does not constitute qualified stated interest) on, or any gain on the sale, exchange, retirement or other disposition of a Note, including disposition in certain nonrecognition transactions, as ordinary income to the extent of the market discount accrued on the Note at the time of the payment or disposition unless this market discount has been previously included in income by the U.S. Holder pursuant to an election by the Holder to include market discount in income as it accrues. An election to include market discount in income as it accrues applies to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which such election applies and may not be revoked without the consent of the IRS. In addition, a U.S. Holder that does not elect to include market discount in income currently may be required to defer, until the maturity of the Note or its earlier disposition (including certain nontaxable transactions), the deduction of all or a portion of the interest expense on any indebtedness incurred or maintained to purchase or carry such Note.

Market discount will accrue on a straight line basis unless a U.S. Holder makes an election on a Note to accrue on the basis of a constant interest rate. This election is irrevocable once made.

Notes Purchased at a Premium

A U.S. Holder that purchases a Note for an amount in excess of its principal amount may elect to treat the excess as "amortizable bond premium", in which case the amount required to be included in the U.S. Holder's income each year with respect to interest on the Note will be reduced by the amount of amortizable bond premium allocable (based on the Note's yield to maturity) to that year. In the case of a Note that is denominated in, or determined by reference to, a foreign currency, bond premium will be computed in units of foreign currency, and any such bond premium that is taken into account currently will reduce interest income in units of the foreign currency. On the date bond premium offsets interest income, a U.S. Holder will generally recognize U.S. source exchange gain or loss (taxable as ordinary income or loss) measured by the difference between the spot rate in effect on that date, and on the date the Notes were acquired by the U.S. Holder. Any election to amortize bond premium shall apply to all bonds (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. See also "Original Issue Discount – Election to Treat All Interest as Original Issue Discount". A U.S. Holder that does not elect to take bond premium into account currently will recognize a capital loss when the Note matures.

A U.S. Holder who purchases a Note for an amount that is greater than the Note's adjusted issue price but less than or equal to the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest will be considered to have purchased the Note at an acquisition premium. Under the acquisition premium rules, the amount of original issue discount that the U.S. Holder must include in its gross income with respect to the Note for any taxable year will be reduced by the portion of acquisition premium properly allocable to that year.

Sale or Other Disposition of Notes

A U.S. Holder's tax basis in a Note will generally be its cost, increased by the amount of any OID included in the U.S. Holder's income with respect to the Note and the amount, if any, of income attributable to *de minimis* OID included in the U.S. Holder's income with respect to the Note, and reduced by (i) the amount of any payments that are not qualified stated interest payments, and (ii) the amount of any amortizable bond premium applied to reduce interest on the Note. A U.S. Holder's tax basis in a Foreign Currency Note will be determined by reference to the U.S. Dollar cost of the Notes. The U.S. Dollar cost of a Note purchased with a foreign currency will generally be the U.S. Dollar value of the purchase price on the date of purchase or, in the case of Notes traded on an established securities market, as defined in the applicable U.S. Treasury

regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase.

A U.S. Holder will generally recognize gain or loss on the sale or other disposition of a Note equal to the difference between the amount realized on the sale or other disposition and the tax basis of the Note. The amount realized on a sale or other disposition for an amount in foreign currency will be the U.S. Dollar value of this amount on the date of sale or other disposition or, in the case of Notes traded on an established securities market, as defined in the applicable U.S. Treasury regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS. Except to the extent described above under "Market Discount" and "Original Issue Discount – Short-Term Notes" or attributable to accrued but unpaid interest or changes in exchange rates, gain or loss recognized on the sale or other disposition of a Note will be capital gain or loss and will generally be treated as from U.S. sources for purposes of the U.S. foreign tax credit limitation. In addition, the rules applicable to foreign currency Notes could require some or all gain or loss on the sale, exchange or other disposition of a foreign currency Note to be recharacterized as ordinary income or loss. U.S. Holders are urged to consult their tax advisers regarding the U.S. federal income tax consequences of the ownership and disposition of foreign currency Notes. In the case of a U.S. Holder that is an individual, estate or trust, the maximum marginal federal income tax rate applicable to capital gains is currently lower than the maximum marginal rate applicable to ordinary income if the Notes are held for more than one year. The deductibility of capital losses is subject to significant limitations.

Gain or loss recognized by a U.S. Holder on the sale or other disposition of a Note that is attributable to changes in exchange rates will be treated as U.S. source ordinary income or loss. However, exchange gain or loss is taken into account only to the extent of total gain or loss realized on the transaction.

Disposition of Foreign Currency

Foreign currency received as interest on a Note or on the sale or other disposition of a Note will have a tax basis equal to its U.S. Dollar value at the time the interest is received or at the time of the sale or other disposition. Foreign currency that is purchased will generally have a tax basis equal to the U.S. Dollar value of the foreign currency on the date of purchase. Any gain or loss recognized on a sale or other disposition of a foreign currency (including its use to purchase Notes or an exchange for U.S. Dollars) will be U.S. source ordinary income or loss.

Backup Withholding and Information Reporting

In general, payments of principal, interest and accrued OID on, and the proceeds of a sale, redemption or other disposition of, the Notes, payable to a U.S. Holder by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding will apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or otherwise to comply with the applicable backup withholding requirements. Certain U.S. Holders are not subject to backup withholding.

Recently enacted legislation may require individual U.S. Holders to report to the IRS certain information with respect to their beneficial ownership of the Notes. Investors who fail to report required information could be subject to substantial penalties.

Disclosure Requirements

U.S. Treasury Regulations meant to require the reporting of certain tax shelter transactions (**Reportable Transactions**) could be interpreted to cover transactions generally not regarded as tax shelters, including

certain foreign currency transactions. Under the U.S. Treasury Regulations, certain transactions with respect to the Notes may be characterized as Reportable Transactions including, in certain circumstances, a sale, exchange, retirement or other taxable disposition of a Foreign Currency Note. Persons considering the purchase of such Notes should consult with their tax advisers to determine the tax return obligations, if any, with respect to an investment in such Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Dealers have in an amended and restated programme agreement (the **Amended and Restated Programme Agreement**) dated 14 June 2011 agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*" above. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme.

In order to facilitate the offering of any Tranche of the Notes, certain persons participating in the offering of the Tranche may engage in transactions that stabilise, maintain or otherwise affect the market price of the relevant Notes during and after the offering of the Tranche. Specifically such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the Issuer. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilise or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to stabilise or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilising or other transactions. Such transactions, if commenced, may be discontinued at any time. Under U.K. laws and regulations stabilising activities may only be carried on by the Stabilising Manager(s) named in the applicable Final Terms (or persons acting on behalf of any Stabilising Manager(s)) and only for a limited period following the Issue Date of the relevant Tranche of Notes.

Transfer Restrictions

As a result of the following restrictions, purchasers of Notes in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.

Each purchaser of Notes will be deemed to have acknowledged, represented and agreed, as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (a) that either (i) it is outside the United States and is not a U.S. person; or (ii) it is a QIB that is also a QP, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs that are also QPs and it is aware that any sale to it is being made in reliance on Rule 144A;
- (b) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;
- (c) that the Issuer has not registered and does not intend to register, and no guarantor of the Notes is expected to register as an investment company under the Investment Company Act in reliance on the exemption provided by section 3(c)(7) thereof;
- (d) that, unless it holds an interest in a Regulation S Global Note and is a person located outside the United States that is not a U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so, prior to the expiration of the applicable required holding period determined pursuant to Rule 144 of the Securities Act from the

later of the last Issue Date for the Series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Notes, only (i) to the Issuer or any affiliate thereof, (ii) inside the United States to a person whom the seller reasonably believes is a QIB that is also a QP purchasing for its own account or for the account of a QIB that is also a QP in a transaction meeting the requirements of Rule 144A, (iii) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act, (iv) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available), in each case in accordance with all applicable U.S. State securities laws;

- (e) it will, and will require each subsequent holder to, notify any purchaser of the Notes from it of the resale restrictions referred to in paragraph (d) above, if then applicable;
- (f) that Notes offered outside the United States in reliance on Regulation S will either be Bearer Notes or be represented by one or more Regulation S Global Notes and that Notes initially offered in the United States to QIBs that are also QPs will be represented by one or more Rule 144A Global Notes;
- (g) that it understands that the Issuer has the power to compel any beneficial owner of Notes represented by a Rule 144A Global Note that is a U.S. person and is not both a QIB and a QP to sell its interest in such Notes, or may sell such interest on behalf of such owner. The Issuer has the right to refuse to honour the transfer of an interest in any Rule 144A Global Note to a U.S. person who is not both a QIB and a QP. Any purported transfer of an interest in a Rule 144A Global Note to a purchaser that does not comply with the requirements of the transfer restrictions herein will be of no force and effect and will be void *ab initio*;
- (h) that the purchaser agrees that it will be deemed by such purchase or acquisition of any Note (or any interest therein) to have represented and warranted, on each day from the date on which the purchaser acquires the Note (or any interest therein) through and including the date on which the purchaser disposes of such Note (or any interest therein), that, unless otherwise provided in the applicable Final Terms, either (i) it is not, is not using the assets of, and shall not at any time hold such Note (or any interest therein) for or on behalf of, an "employee benefit plan" as defined in Section 3(3) of ERISA, that is subject to Title I of ERISA, a "plan" as defined in and subject to Section 4975 of the Code, an entity whose underlying assets include (or are deemed for purposes of ERISA or the Code to include) plan assets by reason of an employee benefit plan's or plan's investment in such entity or a governmental, church or non-US plan subject to federal state, local or non-US laws substantially similar to Section 406 of ERISA or Section 4975 of the Code (**Similar Law**) or (ii) its acquisition, holding and disposition of such Note (or any interest therein), will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or, in the case of a governmental, church or non-US plan, a violation of any applicable Similar Law. Any purported purchase or transfer of such a Note (or any interest therein) that does not comply with the foregoing shall be null and void *ab initio*;
- (i) that the Registered Notes, other than the Regulation S Global Notes, will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"NEITHER THIS SECURITY NOR THE GUARANTEE THEREOF HAS BEEN NOR WILL BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY APPLICABLE U.S. STATE SECURITIES LAWS AND NEITHER THE ISSUER NOR ANY GUARANTOR HAS REGISTERED OR INTENDS TO REGISTER AS AN INVESTMENT COMPANY UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"), AND, ACCORDINGLY, THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER (A) REPRESENTS THAT IT IS A "QUALIFIED

INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT (A "QIB") THAT IS ALSO A QUALIFIED PURCHASER WITHIN THE MEANING OF SECTION 2(a)(51)(A) OF THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED, AND THE RULES AND REGULATIONS THEREUNDER (A "QP") PURCHASING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBs THAT ARE QPs; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITIES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND, PRIOR TO THE EXPIRATION OF THE APPLICABLE REQUIRED HOLDING PERIOD DETERMINED PURSUANT TO RULE 144 OF THE SECURITIES ACT FROM THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITIES OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QIB THAT IS ALSO A QP PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB THAT IS ALSO A QP IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, OR (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR REALES OF THE SECURITY.

ANY RESALE OR OTHER TRANSFER OF THIS SECURITY (OR BENEFICIAL INTEREST HEREIN) WHICH IS NOT MADE IN COMPLIANCE WITH THE RESTRICTIONS SET FORTH HEREIN WILL BE OF NO FORCE AND EFFECT, WILL BE NULL AND VOID AB INITIO AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER OR ANY OF ITS AGENTS. IN ADDITION TO THE FOREGOING, IN THE EVENT OF A TRANSFER OF THIS SECURITY (OR BENEFICIAL INTEREST HEREIN) TO A U.S. PERSON WITHIN THE MEANING OF REGULATION S THAT IS NOT BOTH A QIB AND A QP, THE ISSUER MAY (A) COMPEL SUCH TRANSFEREE TO SELL THIS SECURITY OR ITS INTEREST HEREIN TO A PERSON WHO (I) IS BOTH A QIB AND A QP THAT IS OTHERWISE QUALIFIED TO PURCHASE THIS SECURITY OR INTEREST HEREIN IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OR (II) IS NOT A U.S. PERSON WITHIN THE MEANING OF REGULATION S IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S OR (B) COMPEL SUCH TRANSFEREE TO SELL THIS SECURITY OR ITS INTEREST HEREIN TO A PERSON DESIGNATED BY OR ACCEPTABLE TO THE ISSUER AT A PRICE EQUAL TO THE LESSER OF (X) THE PURCHASE PRICE THEREFOR PAID BY THE ORIGINAL TRANSFEREE, (Y) 100 PER CENT. OF THE PRINCIPAL AMOUNT THEREOF OR (Z) THE FAIR MARKET VALUE THEREOF. THE ISSUER HAS THE RIGHT TO REFUSE TO HONOUR A TRANSFER OF THIS SECURITY OR INTEREST HEREIN TO A U.S. PERSON WHO IS NOT BOTH A QIB AND A QP. EACH TRANSFEROR OF THIS SECURITY WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE AGENCY AGREEMENT TO ITS TRANSFEREE. NEITHER THE ISSUER NOR ANY GUARANTOR HAS REGISTERED AND NEITHER INTENDS TO REGISTER UNDER THE INVESTMENT COMPANY ACT.

EACH PURCHASER OF THIS SECURITY (OR ANY INTEREST HEREIN) AGREES THAT IT WILL BE DEEMED BY SUCH PURCHASE OF THIS SECURITY (OR ANY INTEREST

HEREIN) TO HAVE REPRESENTED AND WARRANTED, ON EACH DAY FROM THE DATE ON WHICH THE PURCHASER ACQUIRES THIS SECURITY (OR ANY INTEREST HEREIN) THROUGH AND INCLUDING THE DATE ON WHICH THE PURCHASER DISPOSES OF THIS SECURITY (OR ANY INTEREST HEREIN), THAT, UNLESS OTHERWISE PROVIDED IN THE APPLICABLE FINAL TERMS, EITHER (I) IT IS NOT, IS NOT USING THE ASSETS OF, AND SHALL NOT AT ANY TIME HOLD THIS SECURITY (OR ANY INTEREST HEREIN) FOR OR ON BEHALF OF, AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF ERISA, THAT IS SUBJECT TO TITLE I OF ERISA, A "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE CODE, AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE OR ARE DEEMED FOR PURPOSES OF ERISA OR THE CODE TO INCLUDE PLAN ASSETS BY REASON OF AN EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN SUCH ENTITY OR A GOVERNMENTAL, CHURCH OR NON-US PLAN SUBJECT TO FEDERAL STATE, LOCAL OR NON-US LAWS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW") OR (II) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS SECURITY (OR ANY INTEREST HEREIN), WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR, IN THE CASE OF A GOVERNMENTAL, CHURCH OR NON-US PLAN, A VIOLATION OF ANY APPLICABLE SIMILAR LAWS. ANY PURPORTED PURCHASE OR TRANSFER OF THIS SECURITY (OR ANY INTEREST HEREIN) THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID AB INITIO.

THE ISSUER MAY COMPEL EACH BENEFICIAL HOLDER HEREOF TO CERTIFY PERIODICALLY THAT SUCH OWNER IS A QIB AND A QP.

THE SECURITIES AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THE SECURITIES TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO REALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THESE SECURITIES OR A BENEFICIAL INTEREST THEREIN SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON SUCH HOLDER AND ALL FUTURE HOLDERS OF SUCH SECURITIES AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).";

- (b) that the Notes in registered form which are registered in the name of a nominee of DTC will bear an additional legend to the following effect unless otherwise agreed to by the Issuer

"UNLESS THIS GLOBAL NOTE IS PRESENTED BY AN AUTHORISED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION, ("DTC"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY REGISTERED NOTE ISSUED IN EXCHANGE FOR THIS GLOBAL NOTE OR ANY PORTION HEREOF IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUIRED BY AN AUTHORISED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON

OTHER THAN DTC OR A NOMINEE THEREOF IS WRONGFUL IN AS MUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS GLOBAL SECURITY MAY NOT BE EXCHANGED, IN WHOLE OR IN PART, FOR A SECURITY REGISTERED IN THE NAME OF ANY PERSON OTHER THAN THE DEPOSITORY TRUST COMPANY OR A NOMINEE THEREOF EXCEPT IN THE LIMITED CIRCUMSTANCES SET FORTH IN THIS GLOBAL SECURITY, AND MAY NOT BE TRANSFERRED, IN WHOLE OR IN PART, EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THIS LEGEND. BENEFICIAL INTERESTS IN THIS GLOBAL SECURITY MAY NOT BE TRANSFERRED EXCEPT IN ACCORDANCE WITH THIS LEGEND.”;

- (c) if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Notes prior to the expiration of the distribution compliance period, it will do so only (i)(A) outside the United States in compliance with Rule 903 or 904 under the Securities Act or (B) to a QIB that is also a QP in compliance with Rule 144A and (ii) in accordance with all applicable U.S. State securities laws; and it acknowledges that the Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART."; and

- (d) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act or any U.S. state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act and the Investment Company Act and applicable U.S. state securities laws.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

In connection with any Notes which are offered or sold outside the United States in reliance on the exemption from the registration requirements of the Securities Act provided under Regulation S (**Regulation S Notes**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme

will be required to represent and agree, that it will not offer, sell or deliver such Regulation S Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Regulation S Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Regulation S Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or under an exemption from registration under the Securities Act.

Dealers may arrange for the resale of Notes to QIBs that are also QPs pursuant to Rule 144A and each such purchaser of Notes is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Notes which may be purchased by a QIB that is also QP pursuant to Rule 144A is U.S.\$100,000 (or the approximate equivalent thereof in any other currency). To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are "restricted securities" within the meaning of the Securities Act, the Issuer has undertaken in the Deed Poll to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, any of the Notes remain outstanding as "restricted securities" within the meaning of Rule 144(a)(3) of the Securities Act and the Issuer is not a reporting company under Section 13 or 15(d) of the Exchange Act or exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

United Kingdom

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes having a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the **FSMA**) by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the **FSMA**) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the **FSMA** does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the **FSMA** with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the FIEA) and each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the Dealers shall have any responsibility therefor.

Neither the Issuer nor any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

GENERAL INFORMATION

Authorisation

The establishment, update and increase in size of the Programme, and the issue of Notes under the Programme, have been duly authorised by resolutions of the Board of Directors of the Issuer dated 26 August 1993, 22 April 1997, 27 April 1999, 19 June 2000, 11 April 2001, 19 June 2002, 22 May 2003, 19 May 2004, 26 May 2005, 30 August 2006, 26 October 2007, 31 October 2008, 30 September 2009, 26 May 2010 and 6 April 2011.

Listing of Notes

Application has been made to the Luxembourg Stock Exchange for Notes (other than Swedish Registered Notes which will not be listed on the Luxembourg Stock Exchange) issued under the Programme up to the expiry of 12 months from the date of this Base Prospectus to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange.

Documents

For a period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available free of charge (in the case of the documents referred to in paragraphs (a), (d) and (e) below for inspection only) from the registered office of the Issuer and on the Issuer's website at www.kommuninvest.org and from the specified offices of the Paying Agents for the time being in London and Luxembourg:

- (a) the constitutional documents (in English) of the Issuer;
- (b) the financial statements of the Issuer in respect of the financial years ended 31 December 2010 and 31 December 2009;
- (c) the most recently available audited annual financial statements of the Issuer and the most recently available published unaudited interim financial statements of the Issuer;
- (d) the Programme Agreement, the Agency Agreement (which contains the forms of the Temporary and Permanent Global Notes, the Definitive Notes, the Receipts, the Coupons and the Talons) and the Deed of Covenant;
- (e) the Guarantee relating to the Notes;
- (f) this Base Prospectus; and
- (g) any future prospectuses, Base Prospectus, information memoranda and supplements to this Base Prospectus and the Final Terms in connection with listed Notes and any other documents incorporated herein or therein by reference.

At the date hereof, the Issuer currently publishes an unaudited interim financial report as at 30 June in each year. The Guarantors produce financial statements annually which are available to the public in Sweden. Financial statements in respect of the Guarantors for the financial year ended 31 December 2010 are available at the date of this Base Prospectus. The Guarantors do not produce interim financial statements.

In addition, copies of the Base Prospectus, each Final Terms relating to Notes admitted to trading on the Luxembourg's stock exchange regulated market and each document incorporated by reference are available on the Luxembourg Stock Exchange's website at www.bourse.lu.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common codes and ISIN codes for each Tranche allocated by Euroclear and Clearstream, Luxembourg will be specified in the relevant Final Terms. In addition, the Issuer may make an application for any Registered Notes to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of such Registered Notes, together with the relevant ISIN and (if applicable) common code, will be specified in the applicable Final Terms. If the Notes are to clear through Euroclear Sweden the appropriate ISIN code for each Tranche will be specified in the relevant Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the relevant Final Terms.

The address of Euroclear is 3 Boulevard du Roi Albert II, B.1210 Brussels, Belgium, the address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy, L-1855 Luxembourg and the address of DTC is 55 Water Street, New York, New York 10041, United States of America.

The address of Euroclear Sweden is Regeringsgatan 65, P.O. Box 7822, SE-10397, Stockholm, Sweden.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

Material Change

There has been no significant change in the financial or trading position of the Issuer since 31 December 2010 and there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2010.

Litigation

The Issuer (whether as defendant or otherwise) is not engaged in any legal, arbitration, administrative or other proceedings, the results of which might have or have had a material adverse effect on the financial position or the operations of the Issuer, nor is the Issuer aware of any such proceedings being threatened.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented amend or broaden the scope of the requirements described above.

Auditors

The auditors of the Issuer are Ernst & Young AB, Jakobsbergsgatan 24, P.O. Box 7850, SE-103 99 Stockholm, Sweden, with authorised public accountant and member of FAR, Peter Strandh, as auditor in charge. The Issuer's annual accounts have been prepared in accordance with the Swedish Annual Accounts

Act for Credit Institutions and Securities Companies (ÅRKL), and the regulations and general recommendations of the Swedish Financial Supervisory Authority (Finansinspektionen) regarding annual accounts for credit institutions and securities companies (FFFS 2008:25). Consequently all International Financial Reporting Standards (IFRS) and statements endorsed by the EU are followed as far as possible, within the provisions of ÅRKL and taking into account the additions and exemptions specified in FFFS 2008:25.

Post-issuance information

The Issuer does not intend to provide any post-issuance information in relation to any assets underlying issues of Notes constituting derivative securities.

Dealers transacting with the Issuer and the Guarantors

Certain of the Dealers and their affiliates may have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer, the Guarantors and their affiliates in the ordinary course of business.

THE ISSUER

Kommuninvest i Sverige Aktiebolag (publ)

Box 124
701 42 Örebro
Sweden

PRINCIPAL PAYING AGENT

Deutsche Bank AG, London Branch

Winchester House
1 Great Winchester Street
London EC2N 2DB

REGISTRAR

Deutsche Bank Luxembourg S.A.

2 Boulevard Konrad Adenauer
L-1115 Luxembourg

PAYING AGENT

Deutsche Bank Luxembourg S.A.

2 Boulevard Konrad Adenauer
L-1115 Luxembourg

TRANSFER AGENT

Deutsche Bank AG, London Branch

Winchester House
1 Great Winchester Street
London EC2N 2DB

THE U.S. REGISTRAR, U.S. PAYING AGENT AND U.S. TRANSFER AGENT

Deutsche Bank Trust Company Americas

Trust & Securities Services
60 Wall Street, MS NYC60-2710
New York, New York 10005

LEGAL ADVISERS

To the Issuer
as to Swedish law
Advokatfirman Lindahl
P.O. Box 143
SE-701 42 Örebro
Sweden

To the Issuer as to United States law
Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ

To the Dealers
as to English and United States law
Allen & Overy LLP
One Bishops Square
London E1 6AD

ARRANGER

Merrill Lynch International
2 King Edward Street
London EC1A 1HQ

DEALERS

Citigroup Global Markets Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

Commerzbank Aktiengesellschaft
Kaiserstraße 16 (Kaiserplatz)
60311 Frankfurt am Main
Federal Republic of Germany

Daiwa Capital Markets Europe Limited
5 King William Street
London
EC4N 7AX

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB

J.P. Morgan Securities Ltd.
125 London Wall
London EC2Y 5AJ

Merrill Lynch International
2 King Edward Street
London EC1A 1HQ

Mizuho International plc
Bracken House
One Friday Street
London EC4M 9JA

Morgan Stanley & Co International plc
25 Cabot Square
Canary Wharf
London E14 4QA

Nomura International plc
Nomura House
1 St Martin's-le-Grand
London EC1A 4NP

UBS Limited
1 Finsbury Avenue
London EC2M 2PP

AUDITOR TO THE ISSUER

Ernst & Young AB
Jakobsbergsgatan 24
P.O. Box 7850
SE-103 99 Stockholm
Sweden

LISTING AGENT

Deutsche Bank Luxembourg S.A.
2 Boulevard Konrad Adenauer
L-1115 Luxembourg