

## BASE PROSPECTUS



### SANDVIK AB (PUBL)

*(incorporated with limited liability in the Kingdom of Sweden)*

**€3,000,000,000**

### **Euro Medium Term Note Programme**

This base prospectus (the **Base Prospectus**) of Sandvik AB (publ) (the **Issuer**) has been approved by the United Kingdom Financial Conduct Authority (the **UK Listing Authority**), which is the United Kingdom competent authority for the purposes of Directive 2003/71/EC, as amended (the **Prospectus Directive**). This Base Prospectus is issued in compliance with the Prospectus Directive and relevant implementing measures in the United Kingdom for the purpose of giving information with regard to the issue of notes (the **Notes**) issued under the Euro Medium Term Note Programme (the **Programme**) described in this Base Prospectus during the period of twelve months after the date hereof.

Application has been made to the UK Listing Authority for Notes (other than Exempt Notes (as defined below)) issued under the Programme during the period of twelve months after the date of this Base Prospectus to be admitted to the official list maintained by the UK Listing Authority (the **Official List**) and to the London Stock Exchange plc (the **London Stock Exchange**) for such Notes to be admitted to trading on the London Stock Exchange's regulated market (the **Regulated Market**). The Regulated Market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC) (the **Markets in Financial Instruments Directive**).

The requirement to publish a prospectus under the Prospectus Directive only applies to Notes which are to be admitted to trading on a regulated market in the European Economic Area and/or offered to the public in the European Economic Area other than in circumstances where an exemption is available under Article 3.2 of the Prospectus Directive (as implemented in the relevant Member State(s)). References in this Base Prospectus to **Exempt Notes** are to Notes which are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive. Unless specified otherwise, references to Notes are deemed to include references to Exempt Notes. The Exempt Notes do not comprise part of this Base Prospectus for the purposes of the Prospectus Directive. The UK Listing Authority has neither approved nor reviewed information contained in this Base Prospectus in connection with Exempt Notes.

Notice of the aggregate principal amount of, the interest payable in respect of, the issue price of, and certain other information which is applicable to each series of Notes (other than in the case of Exempt Notes) will be set forth in one or more final terms document (the **Final Terms**) which, with respect to Notes to be listed on the London Stock Exchange, will be delivered to the UK Listing Authority and to the London Stock Exchange on or before the date of issue of the Notes of such series (the **Series**). Copies of Final Terms in relation to Notes to be listed on the London Stock Exchange will also be published on the website of the London Stock Exchange through a regulatory information service. In the case of Exempt Notes, notice of the aggregate principal amount of, the interest payable in respect of, the issue price of, and certain other information which is applicable to each Series will be set forth in one or more pricing supplement document (the **Pricing Supplement**). The Programme provides that Exempt Notes may be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or that they may be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems (provided that such exchange or quotation system is not a regulated market for the purposes of the Markets in Financial Instruments Directive) as may be agreed between the Issuer and the relevant purchaser(s) in relation to such issue. Copies of each Pricing Supplement relating to Exempt Notes will only be available for inspection by a holder of such Notes at the specified office of the Fiscal Agent upon production of evidence satisfactory to the Fiscal Agent as to the identity of such holder.

As at the date of this Base Prospectus, the senior unsecured debt securities of Sandvik AB (publ) have been assigned a rating of "BBB" by Standard & Poor's Credit Market Services Europe Limited (**S&P**) and the Programme has been assigned a rating of "BBB" by S&P. S&P is established in the EEA and is registered under the Regulation (EC) No. 1060/2009, as amended (the **CRA Regulation**). The Notes issued under the Programme may be rated or unrated. Where the Notes are rated, such rating will not necessarily be the same as the rating assigned to the Programme and may be specified in the relevant Final Terms or Pricing Supplement, as may be applicable.

*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. Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes are discussed under "Risk Factors" below.*

**Arranger**

**DEUTSCHE BANK**

**Dealers**

**BARCLAYS  
COMMONWEALTH BANK OF AUSTRALIA  
DEUTSCHE BANK  
HANDELSBANKEN CAPITAL MARKETS  
J.P. MORGAN  
NORDEA  
SOCIÉTÉ GÉNÉRALE CORPORATE & INVESTMENT BANKING  
SWEDBANK AB (PUBL)**

**CITIGROUP  
DANSKE BANK  
GOLDMAN SACHS INTERNATIONAL  
HSBC  
MUFG  
SEB  
STANDARD CHARTERED BANK  
THE ROYAL BANK OF SCOTLAND**

19 December 2014

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## IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Base Prospectus and the relevant Final Terms or, in the case of Exempt Notes, the relevant Pricing Supplement, and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus and the relevant Final Terms or, in the case of Exempt Notes, the relevant Pricing Supplement is to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Each tranche of Notes (the **Tranche**) will be issued on the terms set out herein under “*Terms and Conditions of the Notes*” (the **Conditions**) as completed by the Final Terms or, in the case of Exempt Notes as supplemented, amended and/or replaced by the Pricing Supplement, or in a separate prospectus specific to such Tranche (the **Drawdown Prospectus**) as described under “*Final Terms, Pricing Supplements and Drawdown Prospectuses*” below. In the case of Exempt Notes, any reference in this Base Prospectus to “Final Terms” shall be deemed to be a reference to “Pricing Supplement” unless the context requires otherwise. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise. 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 relevant Final Terms.

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 document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or any Dealer.

Neither the Dealers nor any of their respective affiliates have authorised the whole or any part of this Base Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus. Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes see “*Subscription and Sale*”. In particular, the Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the **Securities Act**) and Bearer Notes are subject to United States (the **US**) tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or, in the case of Bearer Notes, delivered within the US or to US persons.

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms or any other information supplied in connection with the Programme or the issue of any Notes shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

The Notes may not be suitable 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: 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; 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; 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; understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and 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.

The maximum aggregate principal amount outstanding at any one time of Notes under the Programme and notes under the Issuer's SEK 15,000,000,000 Swedish medium term note programme is €3,000,000,000 (or its equivalent in other currencies). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under "*Subscription and Sale*".

In this Base Prospectus, unless otherwise specified, references to a **Member State** are references to a Member State of the European Economic Area, references to **Sweden** are to the Kingdom of Sweden, references to **US\$, US dollars** or **dollars** are to United States dollars, references to **€, EUR** or **euro** are to the single currency introduced at the start of the third stage of European Economic and Monetary Union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended, references to **SEK** or **Swedish kronor** are to the lawful currency of the Kingdom of Sweden and references to **Renminbi, RMB, Chinese Yuan Renminbi** or **CNY** means the lawful currency of the People's Republic of China (excluding the Hong Kong Special Administrative Region of the People's Republic of China, the Macau Special Administrative Region of the People's Republic of China and Taiwan) (the **PRC**).

Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for 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.

This Base Prospectus has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by the Final Terms or a Drawdown Prospectus in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for the Issuer or the Dealers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor the Dealers have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or the Dealers to publish or supplement a prospectus for such offer.

**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) appointed as stabilisation manager(s) (the Stabilisation Manager(s)) (or persons acting on behalf of any Stabilisation Manager(s)) 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 Stabilisation Manager(s) (or persons acting on behalf of a Stabilisation 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 Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all other applicable laws and rules.**

## OVERVIEW

*This overview must be read as an introduction to this Base Prospectus and any decision to invest in the Notes should be based on a consideration of the Base Prospectus as a whole, including any information incorporated by reference.*

*Words and expressions defined in the “Terms and Conditions of the Notes” below or elsewhere in this Base Prospectus have the same meanings in this overview.*

<b>Issuer:</b>	Sandvik AB (publ).
<b>Group:</b>	Sandvik AB (publ) and its subsidiaries.
<b>Risk Factors:</b>	Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes are discussed under “ <i>Risk Factors</i> ” below.
<b>Arranger:</b>	Deutsche Bank AG, London Branch.
<b>Dealers:</b>	Barclays Bank PLC, Citigroup Global Markets Limited, Commonwealth Bank of Australia, Danske Bank A/S, Deutsche Bank AG, London Branch, Goldman Sachs International, HSBC Bank plc, J.P. Morgan Securities plc, Mitsubishi UFJ Securities International plc, Nordea Bank Danmark A/S, Skandinaviska Enskilda Banken AB (publ), Société Générale, Standard Chartered Bank, Svenska Handelsbanken AB (publ), Swedbank AB (publ), The Royal Bank of Scotland plc and any other Dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche of Notes.
<b>Fiscal Agent:</b>	Citibank N.A., London Branch.
<b>Swedish Issuing Agent:</b>	For notes registered in Sweden (the <b>Swedish Registered Notes</b> ), an account operator specifically appointed by the Issuer to assist in connection with the issue of Swedish Registered Notes.
<b>Exempt Notes:</b>	The Issuer may agree with any Dealer that Exempt Notes may be issued in a form not contemplated by the Conditions, in which event, the relevant provisions will be included in the relevant Pricing Supplement.
<b>Final Terms or Drawdown Prospectus:</b>	Notes issued under the Programme may be issued either (a) pursuant to this Base Prospectus and associated Final Terms or (b) pursuant to a Drawdown Prospectus. The terms and conditions applicable to any particular Tranche of Notes will be the Conditions as completed by the relevant Final Terms or, as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus.
<b>Listing and Trading:</b>	<p>Application has been made for Notes (other than Exempt Notes) issued under the Programme to be admitted to the Official List and admitted to trading on the Regulated Market.</p> <p>The Programme provides that Exempt Notes may be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or that they may be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems (provided that such exchange or quotation system is not a regulated market for the purposes of the Markets in Financial Instruments Directive) as</p>

may be agreed between the Issuer and the relevant purchaser(s) in relation to such issue.

**Clearing Systems:** Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**, (together with Euroclear, the **ICSDs**) (or in relation to Swedish Registered Notes, the Swedish Central Securities Depository & Clearing Organisation, Euroclear Sweden AB (**Euroclear Sweden**)) and/or, in relation to any Tranche of Notes, any other clearing system as may be specified in the relevant Final Terms.

**Initial Programme Amount:** The maximum aggregate principal amount outstanding at any one time of Notes under the Programme and notes under the Issuer's SEK 15,000,000,000 Swedish medium term note programme is €3,000,000,000 (or its equivalent in other currencies).

**Issuance in Series:** Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. For the avoidance of doubt, Swedish Registered Notes can only be issued in one type of denomination for the same Series.

**Forms of Notes:** Notes may be issued in bearer form (**Bearer Notes**), in registered form (**Registered Notes**) or in Swedish registered form in accordance with the Swedish Financial Instruments Accounts Act (*Sw. lag (1998:1479) om kontoföring av finansiella instrument*) as amended (the **SFIA Act**).

Each Tranche of Bearer Notes will initially be in the form of either a temporary global note (a **Temporary Global Note**) or a permanent global note (a **Permanent Global Note**) in each case as specified in the relevant Final Terms. Each Temporary and Permanent Global Note (each, a **Global Note**), which is not intended to be issued in new global note form (a **Classic Global Note** or **CGN**) as specified in the relevant Final Terms will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, and each Global Note which is intended to be issued in new global note form (a **New Global Note** or **NGN**) as specified in the relevant Final Terms will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Bearer Notes in definitive form (**Definitive Notes**). If the TEFRA D Rules (as defined below) are specified in the relevant Final Terms, certification as to non-US beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have related interest coupons (**Coupons**) attached and, if appropriate, a talon for further Coupons (**Talon**).

Each Tranche of Registered Notes will be in the form of either individual Note Certificates in registered form (**Individual Note Certificates**) or a global note in registered form (**Global Registered Note**), in each case as specified in the relevant Final

Terms. Each Tranche of Notes represented by a Global Registered Note will either be: (a) in the case of a Note which is not to be held under the new safekeeping structure (the **New Safekeeping Structure** or **NSS**), registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Registered Note will be deposited on or about the issue date with the common depositary; or (b) in the case of a Note to be held under the NSS, be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and the relevant Global Registered Note will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.

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

Each Tranche of Swedish Registered Notes will be issued in uncertificated and dematerialised book entry form, with the legal title thereto being evidenced by book entries in the register for such Swedish Registered Notes kept by Euroclear Sweden on behalf of the Issuer. Title to Swedish Registered Notes will not be evidenced by any physical note or document of title. For the avoidance of doubt, the TEFRA C and TEFRA D Rules will not be applicable to Swedish Registered Notes. Definitive Notes will not be issued in respect of any Swedish Registered Notes.

**Currencies:** Notes may be denominated in euro, US dollars, Swedish kronor or Renminbi or in any other currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

**Status of the Notes:** The Notes constitute direct, unsubordinated and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

**Issue Price:** Notes may be issued at any price and on a fully paid basis or, in the case of Exempt Notes, on a fully or partly paid basis. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

**Maturities:** Any maturity subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only 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; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the **FSMA**) by the Issuer.

<b>Redemption:</b>	The Notes will be redeemable at the final redemption amount specified in the Final Terms (the <b>Final Redemption Amount</b> ) on their stated maturity. Exempt Notes may also be redeemable in two or more instalments on such dates and in such manner as may be specified in the relevant Pricing Supplement.
<b>Optional Redemption:</b>	Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders of the Notes (the <b>Noteholders</b> ) to the extent (if at all) specified in the relevant Final Terms.
<b>Tax Redemption:</b>	Except as described in “ <i>Optional Redemption</i> ” above, early redemption will only be permitted for tax reasons as described in Condition 10(b) ( <i>Redemption and Purchase – Redemption for tax reasons</i> ).
<b>Interest:</b>	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate, as specified in the relevant Final Terms. In the case of Exempt Notes, the relevant Pricing Supplement may specify whether a different interest basis applies.
<b>Denominations:</b>	No Notes may be issued under the Programme which (a) have a minimum denomination of less than €100,000 (or the equivalent in another currency), or (b) carry the right to acquire shares (or transferable securities equivalent to shares) issued by the Issuer or by any entity to whose group the Issuer belongs. Subject thereto, Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
<b>Negative Pledge:</b>	The Notes will have the benefit of a negative pledge as described in Condition 5 ( <i>Negative Pledge</i> ).
<b>Cross Default:</b>	The Notes will have the benefit of a cross default as described in Condition 14 ( <i>Events of Default</i> ).
<b>Taxation:</b>	All payments in respect of Notes will be made free and clear of withholding taxes of the relevant Tax Jurisdiction unless the withholding is required by law. In that event, the Issuer will (subject as provided in Condition 13 ( <i>Taxation</i> )) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.
<b>Governing Law:</b>	English law. Swedish Registered Notes must comply with the SFIA Act.
<b>Enforcement of Notes in Global Form:</b>	In the case of Global Notes, individual investors’ rights against the Issuer will be governed by a deed of covenant dated 19 December 2014 (the <b>Deed of Covenant</b> ), a copy of which will be available for inspection at the specified office of the Fiscal Agent.

**Ratings:**

As at the date of this Base Prospectus, the senior unsecured debt securities of the Issuer have been assigned a rating of “BBB” by S&P and the Programme has been assigned a rating of “BBB” by S&P.

Tranches of Notes issued under the Programme will be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating(s) described above or the rating(s) assigned to Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms or Drawdown Prospectus (as the case may be).

**Selling Restrictions:**

For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the US, the European Economic Area (including the United Kingdom and the Kingdom of Sweden), Japan, the PRC, Hong Kong and Singapore, see “*Subscription and Sale*” below.

## **RISK FACTORS**

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme and are not exhaustive, 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 that may affect the ability of the Issuer to fulfil its obligations under the Notes issued under the Programme**

#### ***New product innovation***

The Group's long-term growth and profitability is dependent on its ability to develop and successfully launch and market new products. The Group's revenues and market share may suffer if it is unable to introduce new products successfully in a timely fashion or if any new or enhanced products or services are introduced by its competitors that its customers find more advanced and/or better suitable for their needs. If the Group is not able to keep pace with global product development and technological advances, including also shifts in technology in the markets in which it operates, or to meet customer demands, this could have a material adverse effect on the Group's business, results of operations and financial condition.

The markets for the Group's products are highly competitive in terms of pricing, product design and service quality, the timing of development and introduction of new products, customer service and terms of financing. The Group faces intense competition from significant global competitors and to a lesser extent small regional companies. If it does not compete successfully in all its business areas and does not anticipate and respond to changes in evolving market demands, including the demand for new products, it will not be able to compete successfully in its markets, which could have a material adverse effect on the Group's business, results of operations and financial condition.

The planning and implementation of the Group's business operations seeks to take into account market opportunities and opportunities to acquire new businesses. Any failure in the Group's business development could have a material adverse effect on the Group's business, results of operations and financial condition.

#### ***The Group's products are used in industries which are either cyclical or affected by general economic conditions***

The demand for the Group's products and services is affected by changes in customers' investment plans and production levels. Customers' investment plans could change materially if the economic situation in an industry, country or region changes. In addition, changes in the political situation in a region or country or political decisions affecting an industry or country could also materially impact on investments in equipment. Also, the replacement needs of existing production capacity, new competing technologies, competitive pressures and other economic factors in its customer industries could also have a material adverse effect on the Group's business, financial condition and results of operations. Although the Issuer believes that the Group's sales are well diversified with customers in many industries and operations in more than 130 countries, the Group may be affected by a downturn in the general economic situation in the markets in which it operates.

***If the manufacturing and production facilities of the Group or its sub-suppliers are damaged, destroyed or closed for any reason, its ability to distribute its products will be significantly affected***

The Group has a global manufacturing strategy based on manufacturing core components complemented with sourcing of other components from sub-suppliers. The core component manufacturing is concentrated into few locations per region and if these facilities are destroyed or closed for any reason or the equipment in the facilities is significantly damaged, or there are severe interruptions in its productions, the Group is likely to face setbacks in its ability to manufacture and distribute its products. Such circumstances, to the extent it is unable to find an alternative manufacturing and production facility or repair the damaged facilities or damaged equipment in a timely and cost-efficient manner, could have a material adverse effect on the Group's business, results of operations and financial condition. In addition, the availability of non-core components is dependent on the sub-suppliers and if they have interruptions or if they do not have enough capacity, this could have an adverse effect on the Group's business and results of operations.

***Financial risks***

Through its comprehensive international operations, the Issuer is exposed to currency, interest and financing risks.

***Currency risk***

Foreign-exchange movements affect the Issuer's earnings and competitive situation in different ways:

- Earnings are affected when sales and purchases are made in different currencies (transaction exposure). The Issuer's earnings are reported in Swedish kronor while sales and purchases are made in various currencies including in euros and US dollars.
- Earnings are affected when assets and liabilities are denominated in different currencies (translation exposure). The Issuer has assets denominated in Swedish kronor and liabilities denominated in various currencies including in euros and US dollars.
- Earnings are affected when the financial results of subsidiaries are translated to Swedish kronor (translation exposure).

***Interest risk***

Changes in market interest rates may affect the Group's net financial items adversely. The speed with which a change in interest rate affects net financial items depends on the fixed-interest period of the assets or loans. Interest risk arises in two ways:

- the Issuer may have invested in interest-bearing assets, the value of which changes when the interest rate changes; and
- the cost of the Issuer's borrowing fluctuates when the general interest rate situation changes. If market interest rates were to rise by 1 per cent. across all terms at 1 January 2014 – using the figures as at 31 December 2013 in relation to loans for which the interest rate will be renegotiated during 2014 – net interest expenses would be impacted by an additional –SEK 96,000,000.

***Liquidity and financing risk***

Liquidity and financing risk is defined as the risk that financing possibilities will be limited when loans must be refinanced, and that payment commitments cannot be met as a result of insufficient liquidity. In the Issuer's finance policy, the liquidity and financing risks are regulated such that the sum of guaranteed credit facilities and cash and cash equivalents must exceed the total of all borrowings falling due within the next six months. If refinancing of short-term borrowings and the guaranteed credit facilities is not possible when they fall due this may have a material adverse effect on the Group's business, results of operations and financial condition.

### *Credit risk*

The Group's financial transactions give rise to credit risk in relation to financial counterparties. Credit risk is defined as risk of losses if the counterparty to an agreement does not fulfil its commitments. The Issuer has entered into agreements with the banks that it has outstanding derivatives contract with on such matters as the right to offset receivables and liabilities that arise from these financial transactions, so-called ISDA agreements. This means that the Issuer's counterparty exposure to the financial sector is limited to the unrealised positive results that arise in derivative agreements. On the other hand, Group companies are exposed to the credit risk associated with outstanding trade receivables from ongoing sales. The use of payment terms and risk management are regulated in the Group-wide credit policy. Credit risk is diversified over a large number of customers in all business areas and satisfactorily reflects the spread of sales. If weak financial situations lead to customers not paying their payables to the Group this may have a material adverse effect on the Group's business, results of operations and financial condition.

### *Raw materials price exposure*

The Group's operations give rise to risks due to changes in the price of market-quoted raw materials, mainly nickel, molybdenum and of electricity. The price can vary significantly during a year. If the market does not permit a transfer of the effects of changing raw-material prices into the end-price of the products this may have a material adverse effect on the Group's business, results of operations and financial condition.

### ***The Group is dependent on the efficiency of its distribution centres, distributors and aftermarket organisation***

The Group most often distributes its products and services directly to the end customers, but also through distributors. A significant part of physical distribution of products is concentrated to a number of distribution centres and the provision of services depends on the efficiency of the Group's aftermarket organisation. Should the Group's distribution centres, distributors or other aftermarket organisations be subjected to disruptions its sales may be affected, which in turn could have a material adverse effect on the Group's revenues and results of operations.

### ***Lack of retention of skilled employees may affect the Group's business***

The success of the Group's business depends in large part on the ability to attract and retain key management and operating personnel. The Group's future growth and ultimately its success depends on its ability to hire and retain qualified personnel with the level of expertise, knowledge of its products or industry necessary to conduct its operations. Given that the Group constantly needs to introduce new or enhanced products, it is important that it is able to attract people with sufficient expertise in its product areas, particularly its research and development functions. In addition the Group continuously monitors its need for people or to outsource certain parts of its non-core manufacturing in order to make sure it can fulfil its customers' orders. If the Group fails to monitor its need for employees or if it fails to continue to attract and retain highly qualified management and other skilled employees on acceptable terms it may not be able to sustain or further develop parts of its business which may have a material adverse effect on the Group's business, results of operations and financial condition.

### ***International political, economic and other uncertainties may affect the Group's penetration of international markets***

Changes in regulatory requirements, tariffs and other trade barriers, price or exchange controls or other governmental policies in the countries in which it conducts business may result in risks, such as (i) effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation or in an ownership dispute, being more difficult to obtain, (ii) a higher degree of discretion on the part of governmental authorities, (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations, (iv) inconsistencies or conflicts between and within various laws, regulations and decrees, or (v) relative inexperience of the judiciary and courts in such matters. Also, the protection of intellectual property rights may be less developed and less strictly enforced in these countries. There can be no assurance that the Group's licences, licence applications or other legal arrangements of the effectiveness of the enforcement thereof will not be adversely affected by the actions of government authorities or others. In addition, the uncertainty of the legal environment in certain regions could limit the Group's ability to enforce its rights under contracts or otherwise.

The Group also has extensive operations in emerging markets such as certain countries in South America, Africa and Asia. Its business operations in these countries may be subject to various political, economic and social conditions which include nationalisation of assets, social, political or economic instability, volatility in currency exchange rates and in gross domestic product or restrictions on repatriation of profits and transfers of cash which all could have a material adverse effect on the Group's business, results of operations and financial condition. Operations in emerging markets may present risks that are not encountered in countries with well-established economic and political systems, including economic instability, which could make it difficult for the Group to anticipate future business conditions in these markets, which may have a material adverse effect on the Group's business, results of operations and financial condition.

### ***Environmental compliance***

Like most industrial companies, the Group affects the environment in its production processes, through the use of natural resources, and the generation of emissions and wastes, in the distribution of, as well as in the use and final disposal of its products. Compliance with environmental requirements is a significant factor in its operations, and substantial resources are required to maintain compliance with applicable environmental laws and regulations and to manage environmental risks. The Group is subject to a variety of environmental laws and regulations, particularly in relation to air emissions, waste management and the protection of natural resources. These laws and regulations, the violations of which can lead to substantial fines, injunctions or criminal penalties, have generally become stricter in recent years and may in the future become more stringent and the cost of complying with future changes may be substantial. In addition, the Group could also become subject to liabilities and claims relating to personal injury (including exposure to substances used in its production), property damage or damage to natural resources.

Although the Issuer believes that the Group is in material compliance with applicable environmental laws, substantial environmental costs and liabilities are inherent in industrial operations and there can be no assurances that substantial costs and liabilities will not be incurred in the future or that the adoption of increasingly strict environmental laws, regulations and enforcement policies could not result in increased costs and liabilities in the future. Any such costs and/or liabilities could have a material adverse effect on the Group's business, results of operations and financial condition.

### ***IT risks***

The Group's operations in research and development, production, distribution, marketing and administration are dependent on a large number of complex IT-systems and solutions. Routines and procedures are implemented to protect hardware, software and information from being damaged, manipulated, lost or misused. A major break-down of these systems with loss of information may have a material adverse effect on the Group's business, results of operations and financial condition.

### ***Any difficulties the Group encounters relating to the integration of recent or future acquisitions could have a material adverse effect on the Group's business, results of operations and financial condition***

In addition to organically growing the Group's business, the Group continuously evaluates potential value added acquisitions in the core areas of its business to complement its existing product portfolio, to gain access to new markets and to create synergies. The process of co-ordinating and integrating acquired businesses with the Group's own business will continue to require managerial and financial resources. In addition, the integration process could also cause the interruption to, or a loss of momentum in, the activities of its business, which could have a material adverse effect on the Group's business, financial condition and results of operations.

The management of integration of the businesses, systems and culture of any acquired business requires, among other things, the continued development of the acquired businesses financial and management controls, including the integration of information systems and structure, the integration of product offerings and customer base and the training of new personnel, all of which could disrupt and place a strain on the Group's management resources as well as require significant expenditure. Any significant diversion of the Issuer's executive management attention and other resources or any major difficulties encountered in the integration of an acquired business could have a material adverse effect on the Group's business, financial condition and results of operations.

In agreeing to acquire new businesses, the Issuer makes certain assumptions and determinations on, among other things, future sales and need for capital expenditures, based on its investigation of the respective businesses and other information then available. While the Issuer believes it is well positioned to assess the opportunities and risks associated with these acquisitions, the Issuer cannot provide assurance that its assumptions and determinations will prove to be correct and liabilities, contingencies or losses, if realised, could have a material adverse effect on the Group's business, results of operations and financial condition.

### ***Success of the Group depends on protection of intellectual property rights***

The protection of the Group's intellectual property is important to its business. The Issuer cannot give any assurance that its competitors do not seek to utilise its patents, trademarks and logos when it markets its products thereby infringing or challenging its intellectual property rights. In addition, existing laws of certain countries in which the Group conducts its business may offer only limited protection of its intellectual property rights, if at all. If the Group's intellectual property and in particular its registered patents and trademarks cannot be protected, for whatever reason, the Group's business could be materially and adversely affected.

### ***Property and product liability insurance***

The Issuer has the customary insurance programmes with respect to the Group's property and product liability risks. As a natural part of the Issuer's different activities, measures to limit the effects of damages are continually taken, often in co-operation with the Issuer's external insurance advisors. In such context, standards for desired safeguard levels are established in order to reduce the probability of material damages and to guarantee deliveries to the customers. While the Group holds property, including business interruption, and product liability insurance in amounts the Issuer believes to be appropriate, there can be no assurances that the Group will be able to fully recover such amounts or that recovered amounts will be sufficient to cover the Group's losses.

### ***Legal issues***

The Issuer is party to litigation related to its business operations in the ordinary course of business. The Issuer is also party to legal and administrative proceedings related to its responsibility for products, environment, health and safety. There is currently no litigation in relation to the Group which may have a significant effect on the financial position or profitability of the Group. However, there can be no assurance that the Group will not be subject to legal disputes in the future which may have an adverse effect on the Group's business, financial condition and results of operations.

### ***Provision for pensions and similar obligations***

The Issuer has comprehensive pension plans for its employees in all countries in which it operates. The pension provisions vary depending on legislation and local agreements. The most comprehensive agreements are found in Finland, Germany, Sweden, Canada the United Kingdom and the US. In 2013, the managed capital for pensions totalled SEK 15,200,000,000 and the corresponding pension commitments amounted to SEK 17,700,000,000 which is equal to a consolidation level of 86 per cent. (compared with 80 per cent. in 2012). Calculating pension and similar obligations require management to make assumptions on discount rates, expected return on plan assets and rate of compensation increase. Actual results could differ from the assumptions made. Additionally, the Issuer may be required to contribute additional amounts to its pension schemes which could have a material adverse effect on the Group's business, results of operations and financial condition.

### ***Work stoppages or strikes could adversely affect the Group's business.***

Many of the Group's employees are covered by collective bargaining agreements. The Issuer cannot provide any assurance that it will not encounter strikes or other disturbances occasioned by its unionised labour force, or that, upon the expiration of existing agreements; it will be able to reach new collective bargaining agreements on satisfactory terms or without work stoppages, strikes or similar industrial actions.

Non satisfactory terms on any bargaining agreements could cause the Group's labour costs to increase, which would affect its profit margins negatively. In addition, it is required to consult and seek the advice of its employee works' council in respect of a broad range of matters, which could delay or prevent the

completion of certain corporate transactions. While the Group has not experienced any major work stoppages in recent years and expect its current process to proceed amicably, the Issuer cannot provide any assurance that it will not experience lengthier consultations or even strikes, work stoppages or other industrial actions in the future. Any industrial action could disrupt its operations, possibly for a significant period of time, and result in increased wages and benefits or otherwise have a material adverse effect on the Group's business, results of operations and financial condition.

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

#### *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.

#### *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 terms of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

#### *Risks applicable to certain types of Exempt Notes*

There are particular risks associated with an investment in certain types of Exempt Notes. In particular, an investor might receive less interest than expected or no interest in respect of such Exempt Notes and may lose a portion of or the entire principal amount invested by it.

The Issuer may issue Exempt 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 Exempt Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Exempt Notes are denominated. Potential investors should be aware that:

- (i) the market price of such Exempt Notes may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) they may lose all or a substantial portion of their principal;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Exempt 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 likely will be magnified; and



- (vii) 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 performance of an index or other Relevant Factor should not be viewed as an indication of the future performance of such Relevant Factor during the term of any Exempt Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Exempt Notes linked to a Relevant Factor and the suitability of such Exempt Notes in light of its particular circumstances.

Exempt 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.

### ***Risks related to Notes generally***

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

#### *Modification and waivers*

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.

#### *Change of law*

The Conditions of the Notes are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Base Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

#### *US Foreign Account Tax Compliance Act Withholding*

Whilst the Notes are in global form and held within Euroclear or Clearstream, Luxembourg in all but the most remote circumstances, it is not expected that the new reporting regime and potential withholding tax imposed by sections 1471 through 1474 of the US Internal Revenue Code (**FATCA**) will affect the amount of any payment received by the ICSDs (See "*Taxation – US Foreign Account Tax Compliance Act*"). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has paid the common depositary or common safekeeper for the ICSDs (as bearer and registered holders of the Notes, respectively) and the Issuer has therefore no responsibility for any amount thereafter transmitted through the ICSDs and custodians or intermediaries.

#### *Notes where denominations involve integral multiples: definitive Notes*

In relation to any issue of Notes 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. In such a case a holder who, as a result of trading such amounts, 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 respect of such holding (should definitive 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 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.

### ***Risks related to Renminbi-denominated Notes***

Notes denominated in RMB (**RMB Notes**) may be issued under the Programme. RMB Notes contain particular risks for potential investors.

*Renminbi is not freely convertible and this may adversely affect the liquidity of the Notes; the availability of Renminbi funds for servicing the Notes may be subject to future limitations imposed by the PRC government.*

Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between Renminbi and foreign currencies, including the euro, despite the significant reduction over the years by the PRC government of control over routine foreign exchange transactions under current accounts. Currently financial institutions with whom the PBOC (as defined below) has entered into agreements have been permitted to engage in the settlement of Renminbi trade transactions in a number of cities, including Hong Kong, Singapore and London.

On 13 October 2011, the People's Bank of China, the central bank of the PRC (中國人民銀行) (the **PBOC**) issued the Measures on Administration of the RMB Settlement in relation to Foreign Direct Investment (外商直接投資人民幣結算業務管理辦法) (the **PBOC RMB FDI Measures**), to commence the PBOC's detailed RMB FDI administration system, which covers almost all aspects of RMB FDI, including capital injection, payment of purchase price in the acquisition of PRC domestic enterprises, repatriation of dividends and distribution, as well as Renminbi denominated cross-border loans. On 14 June 2012, the PBOC further issued the implementing rules for the PBOC RMB FDI Measures. Under the PBOC RMB FDI Measures, special approval for RMB FDI and shareholder loans from the PBOC which was previously required by the PBOC notice is no longer necessary. In some cases however, post-event filing with the PBOC is still necessary.

On 3 December 2013, the Ministry of Commerce of the PRC (商務部) (**MOFCOM**) promulgated the Announcement on Issues in relation to Cross-border RMB Foreign Direct Investment (關於跨境人民幣直接投資有關問題的公告) (the **MOFCOM RMB FDI Announcement**) which became effective on 1 January 2014 and superseded the Circular on Issues in relation to Cross-border RMB Foreign Direct Investment (商務部關於跨境人民幣直接投資有關問題的通知) promulgated by MOFCOM on 12 October 2011 (the **MOFCOM RMB FDI Circular**). The MOFCOM RMB FDI Announcement further simplified the approval procedures for the **RMB FDI**. Pursuant to the MOFCOM RMB FDI Announcement, written approval from the appropriate office of MOFCOM and/or its local counterparts specifying "Overseas Renminbi Investment" and the amount of capital contribution is required for each RMB FDI. The MOFCOM RMB FDI Announcement no longer contains the requirements for central level MOFCOM approvals for RMB FDI of RMB300 million or above, or in certain industries. Unlike the MOFCOM RMB FDI Circular, the MOFCOM RMB FDI Announcement has also removed the approval requirement for foreign investors who intend to change the currency of their existing capital contribution from a foreign currency to Renminbi. The MOFCOM RMB FDI Announcement (as well as the MOFCOM RMB FDI Circular) also clearly prohibits FDI funds from being used for any investments in securities and financial derivatives (except for investments in PRC listed companies by strategic investors) or for entrustment loans in the PRC.

There is no assurance that the PRC government will continue to liberalise control over cross-border Renminbi remittances in the future or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that funds cannot be repatriated outside the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to perform its obligations under the RMB Notes.

*There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the RMB Notes and the Issuer's ability to source Renminbi outside the PRC to service such RMB Notes*

As a result of the restrictions by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. While the PBOC has entered into agreements on the clearing of Renminbi business with financial institutions in a number of financial centres and cities (the **Renminbi Clearing Banks**), including but not limited to Hong Kong, Singapore and London and are in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions (the **Settlement Arrangements**), the current size of Renminbi denominated financial assets outside the PRC is limited.

There are restrictions imposed by the PBOC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC. The Renminbi Clearing Banks only have access to onshore liquidity support from the PBOC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Arrangements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi offshore. The limited availability of Renminbi outside the PRC may affect the liquidity of its RMB Notes. To the extent the Issuer is required to source Renminbi in the offshore market to service its RMB Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

If the Issuer cannot obtain Renminbi to satisfy its obligation to pay interest and principal on its RMB Notes as a result of Inconvertibility, Non-transferability or Illiquidity (each, as defined in the Conditions), the Issuer shall be entitled, on giving not less than five or more than 30 days' irrevocable notice to the Noteholders prior to the due date for payment, to settle any such payment (in whole or in part) in US dollars on the due date at the US Dollar Equivalent (as defined in the Conditions) of any such interest or principal, as the case may be.

*Investment in RMB Notes is subject to exchange rate risks*

The value of the Renminbi against the euro and other foreign currencies fluctuates and is affected by changes in the PRC and international political and economic conditions and by many other factors. Except in the limited circumstances as described in the Conditions, the Issuer will make all payments of interest and principal with respect to the RMB Notes in Renminbi. As a result, the value of these Renminbi payments in euro or other applicable foreign currency terms may vary with the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the euro or other applicable foreign currency, the value of a Noteholder's investment in euro or other applicable foreign currency terms will have declined.

*Investment in the RMB Notes is subject to currency risk*

If the Issuer is not able, or it is impracticable for it, to satisfy its obligation to pay interest and principal on the RMB Notes when due, in whole or in part, in Renminbi in the relevant RMB Settlement Centre(s) as a result of Inconvertibility, Non transferability or Illiquidity, the Issuer shall be entitled, on giving not less than five or more than 30 days' irrevocable notice to the Noteholders prior to the due date for payment, to settle any such payment, in whole or in part, in US dollars on the due date at the US Dollar Equivalent (as defined in the Conditions) of any such interest or principal amount otherwise payable in Renminbi, as the case may be.

*Payments with respect to the RMB Notes may be made only in the manner designated in the RMB Notes*

Holders of beneficial interests in the RMB Notes may be required to provide certifications and other information (including Renminbi account information) in order to allow such holder to receive payments

in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in the relevant RMB Settlement Centre(s).

All payments to investors in respect of the RMB Notes will be made solely (i) for so long as the RMB Notes are represented by global certificates held with the common depositary or common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg or any alternative clearing system, by transfer to a Renminbi bank account maintained in the relevant RMB Settlement Centre in accordance with prevailing rules and procedures of those clearing systems or (ii) for so long as the RMB Notes are in definitive form, by transfer to a Renminbi bank account maintained in the relevant RMB Settlement Centre in accordance with prevailing rules and regulations. Other than as described in the Conditions, the Issuer cannot be required to make payment in relation to RMB Notes by any other means (including in any other currency or by transfer to a bank account in the PRC).

*Gains on the transfer of the RMB Notes may become subject to income taxes under PRC tax laws*

Under the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法) and its implementation rules (collectively, the “**PRC Enterprise Income Tax Law**”) which took effect on 1 January 2008, any gain realised on the transfer of RMB Notes by non-resident enterprise Noteholders may be subject to enterprise income tax if such gain is income derived from sources within the PRC. However, uncertainty remains as to whether the gain realised from the transfer of the RMB Notes would be treated as income derived from sources within the PRC and be subject to PRC tax. This will depend on how the PRC tax authorities interpret, apply or enforce the PRC Enterprise Income Tax Regulations. According to the arrangement between the PRC and Hong Kong, residents of Hong Kong, including enterprise holders and individual holders, will not be subject to PRC tax on any capital gains derived from a sale or exchange of the RMB Notes.

Therefore, if non-resident enterprise Noteholders are required to pay PRC income tax on gains on the transfer of the RMB Notes (such enterprise income tax is currently levied at the rate of 10 per cent. of gains realised, unless there is an applicable tax treaty between PRC and the jurisdiction in which such non-resident enterprise holders of RMB Notes reside that reduces or exempts the relevant tax), the value of their investment in the RMB Notes may be materially and adversely affected.

*Remittance of proceeds into or outside of the PRC in Renminbi*

If the Issuer decides to remit some or all of the proceeds into the PRC in Renminbi, its ability to do so will be subject to obtaining all necessary approvals from, and registration with, the relevant PRC government authorities. However, there is no assurance that the necessary approvals from, and registration with, the relevant PRC government authorities will be obtained at all or, if obtained, they will not be revoked or amended in the future.

There is no assurance that the PRC Government will continue to gradually liberalise the control over cross-border Renminbi remittances in the future, that the pilot schemes introduced in July 2009 (as extended) will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. If the Issuer does remit some or all of the proceeds into the PRC in Renminbi and the Issuer subsequently is not able to repatriate funds outside the PRC in Renminbi, it will need to source Renminbi outside the PRC to repay its obligations under the RMB Notes in Renminbi, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

***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 Specified Currency or 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. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). Certain information with respect of credit rating agencies and ratings is disclosed on the front cover of this Base Prospectus and if a Tranche of Notes is rated such rating will be disclosed in the relevant Final Terms or Drawdown Prospectus.

#### *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 (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) 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.

## INFORMATION INCORPORATED BY REFERENCE

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

1. the audited consolidated financial statements (including the auditors' report thereon and notes thereto) of the Issuer, in each case, in respect of the years ended 31 December 2013 and 31 December 2012 set out on pages 71 to 120 and page 123 of the Issuer's Annual Report for 2013 and pages 48 to 100 and page 102 of the Issuer's Annual Report for 2012, respectively;
2. the consolidated unaudited interim financial statements of the Issuer in respect of the nine months ended 30 September 2014 set out on pages 12 to 18 of the Issuer's interim report for the Third Quarter of 2014;
3. the terms and conditions set out on pages 25 to 49 of the base prospectus dated 13 February 2009 relating to the Programme under the heading "*Terms and Conditions of the Notes*" (the **13 February 2009 Conditions**);
4. the terms and conditions set out on pages 22 to 46 of the base prospectus dated 5 November 2010 relating to the Programme under the heading "*Terms and Conditions of the Notes*" (the **5 November 2010 Conditions**);
5. the terms and conditions set out on pages 24 to 49 of the base prospectus dated 22 December 2011 relating to the Programme under the heading "*Terms and Conditions of the Notes*" (the **22 December 2011 Conditions**);
6. the terms and conditions set out on pages 25 to 50 of the base prospectus dated 20 December 2012 relating to the Programme under the heading "*Terms and Conditions of the Notes*" (the **20 December 2012 Conditions**); and
7. the terms and conditions set out on pages 29 to 56 of the base prospectus dated 17 July 2013 relating to the Programme under the heading "*Terms and Conditions of the Notes*" (the **17 July 2013 Conditions**).

Copies of the documents specified above as containing information incorporated by reference in this Base Prospectus may be inspected, free of charge, at [www.sandvik.com](http://www.sandvik.com) or <http://www.morningstar.co.uk/uk/NSM>. Any information contained in any of the documents specified above which is not incorporated by reference in this Base Prospectus is either not relevant to investors or is covered elsewhere in this Base Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus.

## **FINAL TERMS, PRICING SUPPLEMENTS AND DRAWDOWN PROSPECTUSES**

In this section the expression “necessary information” means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes. In relation to the different types of Notes which may be issued under the Programme the Issuer has endeavoured to include in this Base Prospectus all of the necessary information except for information relating to the Notes which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Base Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the relevant Final Terms, in a Drawdown Prospectus or, in the case of Exempt Notes, the relevant Pricing Supplement. Such information will be contained in the relevant Final Terms or in the relevant Pricing Supplement unless any of such information constitutes a significant new factor relating to the information contained in this Base Prospectus in which case such information, together with all of the other necessary information in relation to the relevant series of Notes, may be contained in a Drawdown Prospectus or, in the case of Exempt Notes, the relevant Pricing Supplement.

For a Tranche of Notes which is the subject of Final Terms or, in the case of Exempt Notes, the subject of a Pricing Supplement, those Final Terms will, for the purposes of that Tranche only, complete this Base Prospectus or, in the case of Exempt Notes, that Pricing Supplement will for the purposes of that Tranche only, supplement, amend and/or replace this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Conditions as completed by the relevant Final Terms and the terms and conditions applicable to any particular Tranche of Exempt Notes which is the subject of a Pricing Supplement are the Conditions as supplemented, amended and/or replaced by the relevant Pricing Supplement.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus. In the case of a Tranche of Notes that is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise. Each Drawdown Prospectus will be constituted either (a) by a single document containing the necessary information relating to the Issuer and the relevant Notes or (b) by a registration document containing the necessary information relating to the Issuer, a securities note containing the necessary information relating to the Issuer and the relevant Notes and, if applicable, a summary note.

## FORMS OF THE NOTES

### Bearer Notes

Each Tranche of Bearer Notes will initially be in Temporary Global Note form, without interest coupons, or a Permanent Global Note form, without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note which is not intended to be issued in NGN form, as specified in the relevant Final Terms will be deposited on or around the issue date of the relevant Tranche of the Notes with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms will be deposited on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

On 13 June 2006 the European Central Bank (the **ECB**) announced that Notes in NGN form are in compliance with the “Standards for the use of EU securities settlement systems in ESCB credit operations” of the central banking system for the euro (the **Eurosystem**), *provided that* certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will be eligible as collateral for Eurosystem operations if the NGN form is used.

Where the Global Notes issued in respect of any Tranche are in NGN form or the Global Note represents Global Registered Notes held under the NSS, Euroclear and Clearstream, Luxembourg will be notified by or on behalf of the Issuer whether or not each such Global Note is intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any time during their life as such recognition depends upon the ECB being satisfied that the Eurosystem eligibility criteria have been met. Furthermore, any indication that the Global Notes are not intended to be so held may be the case at the date of the relevant Final Terms. However, should the Notes be recognised as eligible as collateral for Eurosystem operations or should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them, the Notes may then be deposited with one of Euroclear or Clearstream, Luxembourg as common safekeeper. Similarly, this would not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

In the case of each Tranche of Bearer Notes, the relevant Final Terms will also specify whether US Treasury Regulation §1.163-5(c)(2)(i)(C) (the **TEFRA C Rules**) or US Treasury Regulation §1.163-5(c)(2)(i)(D) (the **TEFRA D Rules**) are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

### Temporary Global Note exchangeable for Permanent Global Note

If the relevant Final Terms specifies the form of Notes as being Temporary Global Note exchangeable for a Permanent Global Note, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the issue date of the relevant Tranche of the Notes (the **Exchange Date**) upon certification as to non-US beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-US beneficial ownership.

Whenever any interest in a Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure:

- (a) in the case of first exchange, the prompt delivery (free of charge to the bearer) of such Permanent Global Note, duly authenticated and, in the case of an NGN, effectuated, to the bearer of the Temporary Global Note; or



- (b) in the case of any subsequent exchange, an increase in the principal amount of such Permanent Global Note in accordance with its terms,

in each case in an aggregate principal amount equal to the aggregate of the principal amounts specified in the certificates of non-US beneficial ownership received by the Fiscal Agent against presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 7 days of the bearer requesting such exchange;

*provided, however, that* in no circumstances shall the principal amount of the Permanent Global Note exceed the initial principal amount of the Temporary Global Note.

If:

- (a) a Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (London time) on the seventh day after the bearer of a Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or
- (b) a Temporary Global Note (or any part thereof) has become due and payable in accordance with the Conditions or the date for final redemption of a Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note or increase the principal amount thereof) will become void at 5.00 p.m. (London time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

The Permanent Global Note will be exchangeable in whole, but not in part, for Definitive Notes:

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms; or
- (iii) if the relevant Final Terms specifies in the limited circumstances described in the Permanent Global Note, then if (a) Euroclear and Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or has in fact done so and no alternative clearing system is available or (b) any of the circumstances described in Condition 14 (*Events of Default*) occurs and is continuing.

The exchange upon notice or at any time described above should not be expressed to be applicable if the relevant Notes have denominations consisting of a minimum specified denomination plus one or more integral multiples of another smaller amount in excess thereof.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

### **Temporary Global Note exchangeable for Definitive Notes**

If the relevant Final Terms specifies the form of Notes as being Temporary Global Note exchangeable for Definitive Notes and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules or the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

If the relevant Final Terms specifies the form of Notes as being Temporary Global Note exchangeable for Definitive Notes and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-US beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-US beneficial ownership.

Whenever a Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (a) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer of a Temporary Global Note has requested exchange of the Temporary Global Note for Definitive Notes; or
- (b) a Temporary Global Note (or any part thereof) has become due and payable in accordance with the Conditions or the date for final redemption of a Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note or increase the principal amount thereof or deliver Definitive Notes, as the case may be) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

### **Permanent Global Note exchangeable for Definitive Notes**

If the relevant Final Terms specifies the form of Notes as being Permanent Global Note exchangeable for Definitive Notes, then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes:

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms; or
- (iii) if the relevant Final Terms specifies in the limited circumstances described in the Permanent Global Note, then if (a) Euroclear and Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or has in fact done so and no

alternative clearing system is available or (b) any of the circumstances described in Condition 14 (*Events of Default*) occurs and is continuing.

The exchange upon notice or at any time described above should not be expressed to be applicable if the relevant Notes have denominations consisting of a minimum specified denomination plus one or more integral multiples of another smaller amount in excess thereof.

Whenever a Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (a) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer of a Permanent Global Note has duly requested exchange of the Permanent Global Note for Definitive Notes; or
- (b) a Permanent Global Note (or any part of it) has become due and payable in accordance with the Conditions or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Permanent Global Note in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Permanent Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

#### **Terms and Conditions applicable to the Notes**

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under “*Terms and Conditions of the Notes*” below and the provisions of the relevant Final Terms which complete those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under “*Summary of Provisions Relating to the Notes while in Global Form*” below.

#### **Legend concerning US persons**

In the case of any Tranche of Bearer Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

“Any US person who holds this obligation will be subject to limitations under the US income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.”

#### **Registered Notes**

Each Tranche of Registered Notes will be in the form of either Individual Note Certificates or a Global Registered Note, in each case as specified in the relevant Final Terms. In a press release dated 22 October 2008, “Evolution of the custody arrangement for international debt securities and their eligibility in

Eurosystem credit operations”, the ECB announced that it had assessed the new holding structure and custody arrangements for registered notes which the ICSDs had designed in cooperation with market participants and that Notes to be held under the NSS would be in compliance with the “Standards for the use of EU securities settlement systems in ESCB credit operations” of the Eurosystem, subject to the conclusion of the necessary legal and contractual arrangements. The press release also stated that the new arrangements for Notes to be held in NSS form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2010 and that registered debt securities in global registered form held issued through Euroclear and Clearstream, Luxembourg after 30 September 2010 will only be eligible as collateral in Eurosystem operations if the NSS is used.

Each Global Registered Note will either be: (a) in the case of a Note which is not to be held under the NSS, registered in the name of a common depository (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Registered Note will be deposited on or about the issue date with the common depository and will be exchangeable in accordance with its terms; or (b) in the case of a Note to be held under the NSS, be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and the relevant Global Registered Note will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg and will be exchangeable for Individual Note Certificates in accordance with its terms. If the relevant Final Terms specifies the form of Notes as being Individual Note Certificates, then the Notes will at all times be in the form of Individual Note Certificates issued to each Noteholder in respect of their respective holdings.

If the relevant Final Terms specifies the form of Notes as being Global Registered Note exchangeable for Individual Note Certificates, then the Notes will initially be in the form of a Global Registered Note which will be exchangeable in whole, but not in part, for Individual Note Certificates:

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms, as the case may be; or
- (iii) if the relevant Final Terms specifies in the limited circumstances described in the Global Registered Note, then if (a) Euroclear and Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or has in fact done so and no alternative clearing system is available or (b) any of the circumstances described in Condition 14 (*Events of Default*) occurs and is continuing.

Whenever a Global Registered Note is to be exchanged for Individual Note Certificates, the Issuer shall procure that Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Registered Note within 15 days of the delivery, by or on behalf of the holder of the Global Registered Note to the Registrar of such information as is required to complete and deliver such Individual Note Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Note Certificates are to be registered and the principal amount of each such person’s holding) against the surrender of the Global Registered Note at the specified office of the Registrar. Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

If:

- (a) Individual Note Certificates have not been delivered by 5.00 p.m. (London time) on the thirtieth day after they are due to be issued and delivered in accordance with the terms of the Global Registered Note; or
- (b) any of the Notes represented by a Global Registered Note (or any part of it) has become due and payable in accordance with the Conditions or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the holder of the Global Registered Note in accordance with the terms of the Global Registered Note on the due date for payment,

then the Global Registered Note (including the obligation to deliver Individual Note Certificates) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the holder of the Global Registered Note will have no further rights thereunder (but without prejudice to the rights which the holder of the Global Registered Note or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Registered Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Global Registered Note became void, they had been the holders of Individual Note Certificates in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

Global Registered Notes held under the NSS allow for the possibility of Notes being issued and held in a manner which will permit them to be recognised as eligible collateral for Eurosystem's monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Furthermore, any indication that the Global Registered Notes are not intended to be so held may be the case at the date of the relevant Final Terms. However, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them, the Notes may then be deposited with one of Euroclear or Clearstream, Luxembourg as common safekeeper. Similarly, this would not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

#### ***Terms and Conditions applicable to the Notes***

The terms and conditions applicable to any Individual Note Certificate will be endorsed on that Individual Note Certificate and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Final Terms which complete those terms and conditions.

The terms and conditions applicable to any Global Registered Note will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.

#### **Swedish Registered Notes**

Each Tranche of Swedish Registered Notes will be issued in uncertificated and dematerialised book entry form in accordance with the SFIA Act. No global or definitive Notes will be issued in respect thereof. The holder of a Swedish Registered Note will be the person evidenced as such by the register for such Note maintained by Euroclear Sweden on behalf of the Issuer. Where a nominee (*Sw. förvaltare*) in accordance with the SFIA Act is so evidenced it shall be treated by the Issuer as the holder of the relevant Swedish Registered Note.

Title to Swedish Registered Notes will pass by transfer between accountholders of Euroclear Sweden, perfected in accordance with the legislation (including the SFIA Act), rules and regulations applicable to and/or issued by Euroclear Sweden that are in force and effect from time to time.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions which, as completed by the relevant Final Terms or, in the case of Exempt Notes, as supplemented, amended and/or replaced by the relevant Pricing Supplement, will be endorsed on each Note in definitive form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under “Summary of Provisions Relating to the Notes while in Global Form” below.*

### 1. Introduction

- (a) *Programme:* Sandvik AB (publ) (**the Issuer**) has established a Euro Medium Term Note Programme (**the Programme**) for the issuance of up to €3,000,000,000 in aggregate principal amount of notes.
- (b) *Final Terms or Pricing Supplement:* Notes issued under the Programme are issued in series (each a **Series**) and each Series may comprise one or more tranches (each a **Tranche**) of Notes. Each Tranche is the subject of final terms (the **Final Terms**) which completes these terms and conditions (the **Conditions**) or, in the case of Notes for which no prospectus is required to be published under Directive 2003/71/EC, as amended (**Exempt Notes**), a pricing supplement (the **Pricing Supplement**) which completes, supplements, amends and/or replaces these Conditions. In the case of a Tranche of Exempt Notes that is the subject of a Pricing Supplement, each reference to information being specified or identified in the relevant Final Terms or these Conditions being completed by the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Pricing Supplement or these Conditions being completed, supplemented, amended and/or replaced by the relevant Pricing Supplement unless the context requires otherwise. The terms and conditions applicable to any particular Tranche of Notes are these Conditions as completed by the relevant Final Terms.
- (c) *Agency Agreement:* The Bearer Notes and the Registered Notes (both as defined below) are the subject of an issue and paying agency agreement dated 13 February 2009, as amended on 19 December 2014 (the **Agency Agreement**) between the Issuer, Citibank N.A., London Branch as fiscal agent (the **Fiscal Agent**, which expression includes any successor fiscal agent appointed from time to time in connection with the Notes), Citibank N.A., London Branch as registrar (the **Registrar**) and the paying agents named therein (together with the Fiscal Agent, the **Paying Agents**, which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes) and the transfer agents named therein (together with the Registrar, the **Transfer Agents**, which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes). In these Conditions, references to the **Agents** are to the Paying Agents and the Transfer Agents and any reference to an **Agent** is to any one of them.
- (d) *Swedish Agency Agreement:* The Swedish Registered Notes are the subject of an agreement between the Issuer and the Swedish Issuing Agent to be entered into by the Issuer on or prior to the date the first Swedish Registered Notes are issued, pursuant to which the Issuer will appoint the Swedish Issuing Agent (the **Swedish Agency Agreement**). The Swedish Agency Agreement will include provisions for meetings of Noteholders in respect of Swedish Registered Notes. The Issuer will furthermore enter into agreements with the Swedish Central Securities Depository & Clearing Organisation, Euroclear Sweden AB (**Euroclear Sweden**), applicable to a relevant issue of Swedish Registered Notes, which will set out the terms and conditions for connecting any Swedish Registered Notes to the Swedish clearing and settlement system maintained by Euroclear Sweden (each, a **Euroclear Sweden Agreement**).
- (e) *Deed of Covenant:* The Notes may be issued in bearer form (**Bearer Notes**), in registered form (**Registered Notes**) or in registered form in accordance with the SFIA Act (**Swedish Registered Notes**). The Registered Notes are constituted by a deed of covenant dated 19 December 2014 (the **Deed of Covenant**) entered into by the Issuer.
- (f) *The Notes:* Unless specified otherwise, all subsequent references in these Conditions to “Notes” are both to the Notes which are the subject of the relevant Final Terms and the Exempt Notes which are subject to the relevant Pricing Supplement. Copies of the relevant Final Terms are

available for viewing at the Specified Office of the Fiscal Agent, the initial Specified Office of which is set out below, and at [www.londonstockexchange.com](http://www.londonstockexchange.com). Pricing Supplements will only be available for inspection by a holder of such Exempt Notes upon production of evidence satisfactory to the Fiscal Agent or the Issuer as to the identity of such holder. Unless specified otherwise, reference to the “Final Terms” and the “relevant Final Terms” shall include the “Pricing Supplement” or the “relevant Pricing Supplement”.

- (g) *Summaries:* Certain provisions of these Conditions are a summary of the Agency Agreement, the Swedish Agency Agreement and the Deed of Covenant and are subject to their detailed provisions. The holders of the Notes (the **Noteholders**) and the holders of the related interest coupons, if any, (the **Couponholders** and the **Coupons**, respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement, the Swedish Agency Agreement and the Deed of Covenant applicable to them. Copies of the Agency Agreement and the Deed of Covenant are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Paying Agents, the initial Specified Offices of which are set out below. A copy of the Swedish Agency Agreement will be available for inspection by Noteholders during normal business hours at the Specified Office of the Swedish Issuing Agent.

## 2. **Interpretation**

- (a) *Definitions:* In these Conditions the following expressions have the following meanings:

**Accrual Yield** has the meaning given in the relevant Final Terms;

**Additional Business Centre(s)** means the city or cities specified as such in the relevant Final Terms;

**Additional Financial Centre(s)** means the city or cities specified as such in the relevant Final Terms;

**Business Day** means:

- (i) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre;
- (ii) in relation to any sum payable in Renminbi, a day on which commercial banks and foreign exchange markets are open for business in Hong Kong and on which commercial banks in Hong Kong are open for business and settlement of Renminbi payments;
- (iii) in relation to any sum payable in a currency other than euro and Renminbi, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre; and
- (iv) in relation to Swedish Registered Notes, the meaning ascribed to such term by the then applicable rules and procedures of Euroclear Sweden;

**Business Day Convention**, in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (i) **Following Business Day Convention** means that the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) **Modified Following Business Day Convention** or **Modified Business Day Convention** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;

- (iii) **Preceding Business Day Convention** means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (iv) **FRN Convention, Floating Rate Convention or Eurodollar Convention** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred *provided, however, that*:
  - (A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (v) **No Adjustment** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

**Calculation Agent** means the Fiscal Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s);

**Calculation Amount** has the meaning given in the relevant Final Terms;

**CNY Dealer** means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in the RMB Settlement Centre(s);

**Coupon Sheet** means, in respect of a Note, a coupon sheet relating to the Note;

**DA Selected Bond** means a government security or securities selected by the Determination Agent as having an actual or interpolated maturity comparable with the remaining term of the Notes, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the Specified Currency and of a comparable maturity to the remaining term of the Notes;

**Day Count Fraction** means, in respect of the calculation of an amount for any period of time (the **Calculation Period**), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

- (i) if **Actual/Actual (ICMA)** is so specified, means:
  - (a) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - (b) where the Calculation Period is longer than one Regular Period, the sum of:
    - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
    - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days



in such Regular Period and (2) the number of Regular Periods in any year;

- (ii) if **Actual/Actual (ISDA)** is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (iii) if **Actual/365 (Fixed)** is so specified, means the actual number of days in the Calculation Period divided by 365;
- (iv) if **Actual/360** is so specified, means the actual number of days in the Calculation Period divided by 360;
- (v) if **30/360** is so specified, the number of days in the Calculation 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:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first day of the Calculation Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

**M<sub>2</sub>** is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

**D<sub>2</sub>** is the calendar day, expressed as a number, immediately following the last day included in the Calculation 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 so specified, the number of days in the Calculation 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:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first day of the Calculation Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

**D<sub>2</sub>** is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30; and

- (vii) if **30E/360 (ISDA)** is so specified, the number of days in the Calculation 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:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first day of the Calculation Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

**D<sub>2</sub>** is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30,

*provided, however, that* in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

**Determination Agent** means an investment bank or financial institution selected by the Issuer as may be specified in the relevant Final Terms or any substitute agent;

**Early Redemption Amount (Tax)** means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

**Early Termination Amount** means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms, or determined in accordance with these Conditions;

**EURIBOR** means Eurozone interbank offered rate;

**Euroclear Sweden** means the Swedish Central Securities Depository and Clearing Organisation Euroclear Sweden AB, incorporated in Sweden with Reg. No. 556112-8074;

**Euroclear Sweden Register** means in respect of Swedish Registered Notes the computerised register maintained by Euroclear Sweden for the Issuer consisting of accounts for the holders of financial instruments registered pursuant to the SFIA Act;

**Extraordinary Resolution** has the meaning given in the Agency Agreement;

**Final Redemption Amount** means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

**First Interest Payment Date** means the date specified in the relevant Final Terms;

**Fixed Coupon Amount** has the meaning given in the relevant Final Terms;

**Governmental Authority** means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of the relevant RMB Settlement Centre;

**Gross Redemption Yield** means, with respect to a security, the gross redemption yield on such security, expressed as a percentage and calculated by the Determination Agent on the basis set out by the United Kingdom Debt Management Office in the paper “Formulae for Calculating Gilt Prices from Yields”, page 4, Section One: Price/Yield Formulae “Conventional Gilts”; “Double dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date” (published 8 June 1998, as amended or updated from time to time) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places) or on such other basis as the relevant Dealer(s) may approve;

**Guarantee** means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

- (i) any obligation to purchase such Indebtedness;
- (ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;
- (iii) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (iv) any other agreement to be responsible for such Indebtedness;

**Holder**, in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer - Title to Bearer Notes*), in the case of Registered Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer - Title to Registered Notes*) and, in the case of Swedish Registered Notes, has the meaning given in Condition 3(e) (*Form, Denomination, Title and Transfer - Title to Swedish Registered Notes*);

**Illiquidity** means where the general Renminbi exchange market in the relevant RMB Settlement Centre becomes illiquid and, as a result of which, the Issuer cannot obtain sufficient Renminbi in order to satisfy its obligation to pay interest and principal (in whole or in part) in respect of the Notes as determined by the Issuer in good faith and in a commercially reasonable manner following consultation with two CNY Dealers;

**Inconvertibility** means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of the Notes in the general Renminbi exchange market in the relevant RMB Settlement Centre, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the first Issue Date of the first Tranche of the Notes and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

**Indebtedness** means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (i) amounts raised by acceptance under any acceptance credit facility;
- (ii) amounts raised under any note purchase facility;
- (iii) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;

- (iv) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and
- (v) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

**Interest Amount** means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

**Interest Commencement Date** means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

**Interest Determination Date** has the meaning given in the relevant Final Terms;

**Interest Payment Date** means the First Interest Payment Date and any other date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

**Interest Period** means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

**ISDA Definitions** means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.);

**Issue Date** has the meaning given in the relevant Final Terms;

**Make-Whole Redemption Amount** has the meaning given to it in Condition 10(c);

**Margin** has the meaning given in the relevant Final Terms;

**Maturity Date** has the meaning given in the relevant Final Terms;

**Maximum Redemption Amount** has the meaning given in the relevant Final Terms;

**Minimum Redemption Amount** has the meaning given in the relevant Final Terms;

**Non-transferability** means the occurrence of any event that makes it impossible for the Issuer to deliver Renminbi between accounts inside the relevant RMB Settlement Centre or from an account inside the relevant RMB Settlement Centre to an account outside the relevant RMB Settlement Centre, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of Notes and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

**Noteholder**, in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer - Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 3(e) (*Form, Denomination, Title and Transfer - Title to Registered Notes*);

**Optional Redemption Amount (Call)** means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

**Optional Redemption Amount (Put)** means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

**Optional Redemption Date (Call)** has the meaning given in the relevant Final Terms;

**Optional Redemption Date (Put)** has the meaning given in the relevant Final Terms;

**Participating Member State** means a Member State of the European Communities which adopts the euro as its lawful currency in accordance with the Treaty;

**Payment Business Day** means:

- (i) if the currency of payment is euro, any day which is:
  - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
  - (B) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (ii) if the currency of payment is not euro, any day which is:
  - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies;
  - (B) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre; and
  - (C) in the case of any sum payable in Renminbi, a day on which commercial banks and foreign exchange markets are open for business in the RMB Settlement Centre(s) and on which commercial banks in the RMB Settlement Centre(s) are open for business and settlement of Renminbi payments;

**Person** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

**Principal Financial Centre** means, in relation to any currency, the principal financial centre for that currency *provided, however, that:*

- (i) in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;
- (ii) in relation to Australian dollars, it means either Sydney or Melbourne and, in relation to New Zealand dollars, it means either Wellington or Auckland; in each case as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;
- (iii) in relation to US dollars, it means New York City;
- (iv) in relation to Swedish kronor, it means Stockholm; and
- (v) in relation to Renminbi, it means the RMB Settlement Centre(s).

**Principal Subsidiary** means at any time, any Subsidiary whose total assets, consolidated in the case of a Subsidiary which itself has subsidiaries (to the extent attributable to the consolidated total assets of the Group), as shown by its latest audited balance sheet, represent ten per cent. or more of the consolidated total assets of the Group, as shown by the latest published audited consolidated balance sheet of the Group;

**Put Option Notice** means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

**Put Option Receipt** means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

**Quotation Time** shall be as set out in the relevant Final Terms;

**Rate Calculation Business Day** means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong and in New York City;

**Rate Calculation Date** means the day which is two Rate Calculation Business Days before the due date of the relevant amount under these Conditions;

**Rate of Interest** means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions as completed by the relevant Final Terms;

**Redemption Amount** means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount as may be specified in the relevant Final Terms;

**Redemption Margin** shall be as set out in the relevant Final Terms;

**Reference Banks** has the meaning given in the relevant Final Terms or, if none, four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

**Reference Bond** shall be as set out in the relevant Final Terms or the DA Selected Bond;

**Reference Bond Price** means, with respect to any date of redemption, (i) the arithmetic average of the Reference Government Bond Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (ii) if the Determination Agent obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations;

**Reference Bond Rate** means, with respect to any date of redemption, the rate per annum equal to the annual or semi-annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant Day Count Fraction basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its principal amount) equal to the Reference Bond Price for such date of redemption;

**Reference Date** will be set out in the relevant notice of redemption;

**Reference Government Bond Dealer** means each of five banks selected by the Issuer which are (i) primary government securities dealers and their respective successors, or (ii) market makers in pricing corporate bond issues;

**Reference Government Bond Dealer Quotations** means, with respect to each Reference Government Bond Dealer and any date of redemption, the arithmetic average, as determined by the Determination Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its principal amount) at the Quotation Time specified in the relevant Final Terms on the Reference Date quoted in writing to the Determination Agent by such Reference Government Bond Dealer;

**Reference Price** has the meaning given in the relevant Final Terms;

**Reference Rate** shall mean (i) LIBOR, (ii) EURIBOR or (iii) STIBOR in each case for the relevant period, as specified in the relevant Final Terms;

**Registrar** means, in relation to any series of Registered Notes, Citibank N.A., London Branch (which includes any successor registrar appointed from time to time in connection with the Registered Notes) or in respect of any Series of Swedish Registered Notes, Euroclear Sweden in accordance with the SFIA Act;

**Regular Period** means:

- (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **Regular Date** means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **Regular Date** means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

**Relevant Date** means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Fiscal Agent or in respect of Swedish Registered Notes, if the full amount payable has not been made available to Euroclear Sweden, on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

**Relevant Financial Centre** has the meaning given in the relevant Final Terms;

**Relevant Indebtedness** means any Indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other debt securities which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market);

**Relevant Screen Page** means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

**Relevant Time** has the meaning given in the relevant Final Terms;

**Remaining Term Interest** means, with respect to any Note, the aggregate amount of scheduled payment(s) of interest on such Note for the remaining term of such Note determined on the basis of the rate of interest applicable to such Note from and including the date on which such Note is to be redeemed by the Issuer pursuant to Condition 10(c) (*Redemption at the option of the Issuer*);

**Reserved Matter** means any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of any payment under the

Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

**RMB Settlement Centre(s)** means the financial centre(s) specified as such in the relevant Final Terms in accordance with applicable laws and regulations. If no RMB Settlement Centre is specified in the relevant Final Terms, the RMB Settlement Centre shall be deemed to be Hong Kong;

**Security Interest** means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

**SFIA Act** means the Swedish Financial Instruments Accounts Act (*Sw. lag (1998:1479) om kontoföring av finansiella instrument*) as amended;

**Specified Currency** has the meaning given in the relevant Final Terms;

**Specified Denomination(s)** has the meaning given in the relevant Final Terms;

**Specified Office** has the meaning given in the Agency Agreement or in relation to Swedish Registered Notes, the Swedish Agency Agreement;

**Specified Period** has the meaning given in the relevant Final Terms;

**Spens Amount** has the meaning given to it in Condition 10(c);

**Spot Rate** means the spot/US dollar exchange rate for the purchase of US dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong for settlement in two Rate Calculation Business Days, as determined by the Fiscal Agent at or around 11.00 a.m. (Hong Kong time) on the Rate Calculation Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Fiscal Agent will determine the Spot Rate at or around 11.00 a.m. (Hong Kong time) on the Rate Calculation Date as the most recently available Renminbi/US dollar official fixing rate for settlement in two Rate Calculation Business Days reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuter Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate;

**STIBOR** means Stockholm interbank offered rate;

**Subsidiary** means a subsidiary company or corporation (the **First Company**) of another company or corporation (the **Holding Company**), where

- (i) the First Company is controlled, directly or indirectly, by the Holding Company;
- (ii) more than half the issued share capital of the First Company is beneficially owned, directly or indirectly, by the Holding Company; or
- (iii) the First Company is a Subsidiary of another Subsidiary of the Holding Company,

and, for the purpose of this definition, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body;

**Talon** means a talon for further Coupons;

**TARGET2** means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

**TARGET Settlement Day** means any day on which TARGET2 is open for the settlement of payments in euro;



**Tax Jurisdiction** means (i) the Kingdom of Sweden or any political subdivision or any authority thereof or therein having power to tax; or (ii) any jurisdiction under the laws of which the Issuer or any successor to the Issuer is organised or in which it is resident for tax purposes;

**Treaty** means the Treaty establishing the European Communities, as amended;

**Zero Coupon Note** means a Note specified as such in the relevant Final Terms; and

**US Dollar Equivalent** means the Renminbi amount converted into US dollars using the Spot Rate for the relevant Rate Calculation Date.

(b) *Interpretation:* In these Conditions:

- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 13 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 13 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Notes being outstanding shall be construed in accordance with the Agency Agreement or in respect of Swedish Registered Notes, the relevant Euroclear Sweden Agreement or Swedish Agency Agreement;
- (vii) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Final Terms but the relevant Final Terms gives no such meaning or specifies that such expression is not applicable then such expression is not applicable to the Notes;
- (viii) as Swedish Registered Notes are in dematerialised form, any reference in those Conditions to Receipts, Coupons and Talons shall not apply to Swedish Registered Notes; and
- (ix) any reference to the Agency Agreement shall be construed as a reference to the Agency Agreement as amended and/or supplemented up to and including the Issue Date of the Notes.

### 3. **Form, Denomination, Title and Transfer**

- (a) *Bearer Notes:* Bearer Notes are in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue and, in the case of Definitive Notes, serially numbered, in the Specified Currency. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination.
- (b) *Title to Bearer Notes:* Title to Bearer Notes and the Coupons will pass by delivery. In the case of Bearer Notes, **Holder** means the holder of such Bearer Note and **Noteholder** and **Couponholder** shall be construed accordingly.
- (c) *Registered Notes and Swedish Registered Notes:* Registered Notes and Swedish Registered Notes are in the Specified Denomination(s), which may include a minimum denomination and higher integral multiples of a smaller amount specified in the relevant Final Terms.

- (d) *Title to Registered Notes:* The Registrar will maintain the register in accordance with the provisions of the Agency Agreement. A certificate (each, a **Note Certificate**) will be issued to each Holder of Registered Notes in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register. In the case of Registered Notes, **Holder** means the person in whose name such Registered Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and **Noteholder** shall be construed accordingly.
- (e) *Title to Swedish Registered Notes:* The holder of a Swedish Registered Note will be the person appearing as such in the Euroclear Sweden Register. In the case of Swedish Registered Notes the term **Holder** shall be construed accordingly. Where a nominee (*Sw. förvaltare*) in accordance with the SFIA Act is so evidenced it shall be treated by the Issuer as the holder of the relevant Swedish Registered Notes.
- (f) *Ownership:* The Holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or, in the case of Registered Notes, on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999. This Note may be a fixed rate note (**Fixed Rate Note**), a floating rate note (**Floating Rate Note**), a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the relevant Final Terms.
- (g) *Transfers of Registered Notes:* Subject to Conditions 3(k) (*Closed periods*) and 3(l) (*Regulations concerning transfers and registration*) below, a Registered Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; *provided, however, that* a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Registered Notes not transferred are Specified Denominations. Where not all the Registered Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Registered Notes will be issued to the transferor.
- (h) *Transfers of Swedish Registered Notes:* Title to Swedish Registered Notes will pass by transfer 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.
- (i) *Registration and delivery of Note Certificates:* Within five business days of the surrender of a Note Certificate in accordance with Condition 3(g) (*Transfers of Registered Notes*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Registered Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, **business day** means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.
- (j) *No charge:* The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer or the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer. For the avoidance of doubt, the provisions of this Condition 3(j) (*No charge*) do not apply to Swedish Registered Notes.

- (k) *Closed periods*: Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes. No Holder of Swedish Registered Notes may require the transfer of a Swedish Registered Note to be registered during a period which is the equivalent of any such closed period (if any) pursuant to the then applicable rules and procedures of Euroclear Sweden.
- (l) *Regulations concerning transfers and registration*: All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations. All transfers of Swedish Registered Notes are subject to any cut-off dates applicable to such Swedish Registered Notes and are subject to any other rules and procedures for the time being of Euroclear Sweden. Euroclear Sweden's rules and regulations may be downloaded from its website: <http://www.ncsd.eu>.

#### 4. **Status of the Notes**

The Notes constitute direct, unsubordinated and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

#### 5. **Negative Pledge**

So long as any Note remains outstanding, the Issuer shall not, and shall procure that none of its Principal Subsidiaries will, create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness of the Issuer or any of its Principal Subsidiaries or Guarantee of Relevant Indebtedness of the Issuer or any of its Principal Subsidiaries without (a) at the same time or prior thereto securing the Notes equally and rateably therewith or (b) providing such other security for the Notes as may be approved by an Extraordinary Resolution of Noteholders *provided that* for the purposes of this Condition 5 (*Negative Pledge*) Principal Subsidiaries shall not include Seco Tools AB.

#### 6. **Fixed Rate Note Provisions**

- (a) *Application*: This Condition 6 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms.
- (b) *Accrual of interest*: The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 11 (*Payments - Bearer Notes*) and Condition 12 (*Payments - Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (*Fixed Rate Note Provisions*) (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is five days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such fifth day (except to the extent that there is any subsequent default in payment).
- (c) *Fixed Coupon Amount*: The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.
- (d) *Calculation of interest amount*: The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a

sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a **sub-unit** means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

- (e) *Renminbi or Hong Kong dollar-denominated Notes*: In the case of Renminbi or Hong Kong dollar-denominated Notes, if Interest Payment Date adjustment is specified as applying in the relevant Final Terms:
- (i) each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY 0.01, CNY 0.005 being rounded upwards or HK£0.01, HK\$0.005 being rounded upwards (as the case may be); and
  - (ii) where (x) there is not numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) any Interest Payment Date would otherwise fall on a day which is not a Business Day, then such Interest Payment Date shall be adjusted in accordance with the Modified Following Business Day Convention.

## 7. **Floating Rate Note Provisions**

- (a) *Application*: This Condition 7 (*Floating Rate Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest*: The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 11 (*Payments - Bearer Notes*) and Condition 12 (*Payments - Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 7 (*Floating Rate Note Provisions*) (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is five days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such fifth day (except to the extent that there is any subsequent default in payment).
- (c) *Screen Rate Determination*: If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:
- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
  - (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
  - (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
    - (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
    - (B) determine the arithmetic mean of such quotations; and,

- (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,
- (v) if linear interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, where:
  - (A) one rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
  - (B) the other rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next longer than the length of the relevant Interest Period; provided, however, that if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; *provided, however, that* if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

- (d) *ISDA Determination*: If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where “the ISDA Rate” in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
  - (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
  - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms;
  - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London interbank offered rate (**LIBOR**) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms; and
  - (iv) if linear interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates based on the relevant Floating Rate Option, where:
    - (A) one rate shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and

- (B) the other rate shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period

*provided, however, that* if there is no rate available for a period of time next shorter than the length of the relevant Interest Period or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

- (e) *Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (f) *Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a “sub-unit” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- (g) *Publication:* The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents, the Swedish Issuing Agent (in respect of Swedish Registered Notes) and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.
- (h) *Notifications etc.:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 7 (*Floating Rate Note Provisions*) by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

## 8. **Zero Coupon Note Provisions**

- (a) *Application:* This Condition 8 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Late payment on Zero Coupon Notes:* If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
- (i) the Reference Price; and
- (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is five days after the Fiscal Agent has notified the

Noteholders that it has received all sums due in respect of the Notes up to such fifth day (except to the extent that there is any subsequent default in payment).

9. **Exempt Notes**

In the case of Exempt Notes with a floating rate of interest where the relevant Pricing Supplement identifies that Screen Rate Determination applies to the calculation of interest, if the Reference Rate from time to time is specified in the relevant Pricing Supplement as being other than LIBOR, EURIBOR or STIBOR, the rate of interest in respect of such Exempt Notes will be determined as provided in the relevant Pricing Supplement.

Exempt Notes may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an index-linked or other variable linked note, a dual currency note, an instalment note or a combination of any of the foregoing, or such other type of Note as provided in the relevant Pricing Supplement.

The rate or amount of interest payable in respect of Exempt Notes which are not also Fixed Rate Notes or Floating Rate Notes shall be determined in the manner specified in the relevant Pricing Supplement.

10. **Redemption and Purchase**

(a) *Scheduled redemption*: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 11 (*Payments - Bearer Notes*) and Condition 12 (*Payments - Registered Notes*).

(b) *Redemption for tax reasons*: The Notes may be redeemed at the option of the Issuer in whole, but not in part:

- (i) at any time (if neither the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable); or
- (ii) on any Interest Payment Date (if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:

- (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 13 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes; and
- (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

*provided, however, that* no such notice of redemption shall be given earlier than:

- (1) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due; or
- (2) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent (or in the case of Swedish Registered Notes to the Swedish Issuing Agent) (A) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred of and (B) 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 such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 10(b) (*Redemption for tax reasons*), the Issuer shall be bound to redeem the Notes in accordance with this Condition 10(b) (*Redemption for tax reasons*).

- (c) *Redemption at the option of the Issuer:* If the Call Option is specified in the relevant Final Terms, as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 15 nor more than 60 days' notice to the Noteholders, or such other period(s) as may be specified in the relevant Final Terms (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date). In respect of Swedish Registered Notes, the notice shall furthermore specify the Closed Period. Any such redemption must be of a principal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the relevant Final Terms as being applicable. The Optional Redemption Amount (Call) will be either, as specified in the relevant Final Terms, (i) if Make-Whole Redemption Price is specified as being applicable in the relevant Final Terms, the relevant Make-Whole Redemption Price or (ii) the specified amount per Calculation Amount of the Notes as specified in the relevant Final Terms.

The **Make-Whole Redemption Price** will be an amount equal to the higher of:

- (i) if Spens Amount is specified as being applicable in the relevant Final Terms, (A) 100 per cent. of the principal amount outstanding of the Notes to be redeemed or (B) the principal amount outstanding of the Notes to be redeemed multiplied by the price (expressed as a percentage of its principal amount), as reported to the Issuer by the Determination Agent, at which the Gross Redemption Yield on such Notes on the Reference Date is equal to the Gross Redemption Yield (determined by reference to the middle market price) at the Quotation Time on the Reference Date of the Reference Bond, plus the Redemption Margin; or
- (ii) if Make-Whole Redemption Amount is specified as applicable in the relevant Final Terms, (A) 100 per cent. of the principal amount outstanding of the Notes to be redeemed and (B) the sum of the present values of the principal amount outstanding of the Notes to be redeemed and the Remaining Term Interest on such Notes (exclusive of interest accrued to the date of redemption) discounted to the date of redemption on an annual basis (and in accordance with the relevant Day Count Fraction basis of such Notes, if applicable) at the Reference Bond Rate, plus the Redemption Margin,

all as determined by the Determination Agent.

- (d) *Partial redemption:* If the Notes are to be redeemed in part only on any date in accordance with Condition 10(c) (*Redemption at the option of the Issuer*), the Notes to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and, in the case of Swedish Registered Notes, the then applicable rules and procedures of Euroclear Sweden and the notice to Noteholders referred to in Condition 10(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers or, in the case of Swedish Registered Notes, otherwise specify the Notes or amounts of the Notes so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption



Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

- (e) *Redemption at the option of Noteholders*: If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 10(e) (*Redemption at the option of Noteholders*), the holder of a Note must, not less than 15 nor more than 60 days (or such other period as specified in the relevant Final Terms) before the relevant Optional Redemption Date (Put), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. In the case of Swedish Registered Notes, a Put Option Notice will not take effect against the Issuer before the date of which the relevant Swedish Registered Notes have been transferred to the account designated by the Swedish Issuing Agent and blocked for further transfer by such Swedish Issuing Agent (such date will be the first date of a Closed Period). No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 10(e) (*Redemption at the option of Noteholders*), may be withdrawn; *provided, however, that* if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 10(e) (*Redemption at the option of Noteholders*) the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

Notwithstanding the above, in the case of Swedish Registered Notes, the right to require redemption of such Notes in accordance with this Condition 10(e) (*Redemption at the option of Noteholders*) must be exercised in accordance with the rules and procedures of Euroclear Sweden and where there is any inconsistency between the foregoing and the rules and procedures of Euroclear Sweden, the rules and procedures of Euroclear Sweden shall prevail.

- (f) *No other redemption*: The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 10(a) (*Scheduled redemption*) to 10(e) (*Redemption at the option of Noteholders*) above.
- (g) *Early redemption of Zero Coupon Notes*: Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:
- (i) the Reference Price; and
  - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 10(g) (*Early redemption of Zero Coupon Notes*) or, if none is so specified, a Day Count Fraction of 30E/360.

- (h) *Purchase*: The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, *provided that* all unmatured Coupons are purchased therewith. Such Notes so purchased may be held, reissued, resold or, at the option of the Issuer or the relevant Subsidiary surrendered to any Paying Agent and/or the Registrar for cancellation.

- (i) *Cancellation:* All Notes so redeemed or purchased by the Issuer or any of its Subsidiaries and any unmatured Coupons attached to or surrendered with them that are not held, reissued or resold shall be cancelled.

## 11. **Payments - Bearer Notes**

This Condition 11 (*Payments – Bearer Notes*) is only applicable to Bearer Notes.

- (a) *Principal:* Payments of principal shall be made only against presentation and (*provided that* payment is made in full) surrender of Bearer Notes at the Specified Office of any Paying Agent outside the United States in the case of:
  - (i) payments in a Specified Currency other than euro, US Dollars or Renminbi, by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or at the option of the payee by a cheque in such Specified Currency drawn on, a bank in the Principal Financial Centre of the country of such Specified Currency;
  - (ii) payments in euro, by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;
  - (iii) payments in US Dollars, by credit or transfer to a US Dollar account outside the United States specified by the payee; and
  - (iv) payments in Renminbi by credit or transfer to a Renminbi account maintained by or on behalf of the payee with a bank in the RMB Settlement Centre(s) as may be specified in the relevant Final Terms in accordance with applicable laws, rules, regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to settlement in Renminbi in such RMB Settlement Centre(s) as may be specified in the relevant Final Terms).
- (b) *Interest:* Payments of interest shall, subject to Condition 11(h) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (*provided that* payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in Condition 11(a) (*Principal*) above.
- (c) *Payments in New York City:* Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.
- (d) *Payments subject to fiscal laws:* All payments in respect of the Bearer Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 13 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the United States Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) *Deductions for unmatured Coupons:* If the relevant Final Terms specifies that the Fixed Rate Note Provisions are applicable and a Bearer Note is presented without all unmatured Coupons relating thereto:
  - (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; *provided, however, that* if the gross amount available for payment is less than the amount of principal due for

payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;

- (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
  - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the **Relevant Coupons**) being equal to the amount of principal due for payment; *provided, however, that* where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
  - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; *provided, however, that*, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in Condition 11(a) (*Principal*) above against presentation and (*provided that* payment is made in full) surrender of the relevant missing Coupons.

- (f) *Unmatured Coupons void*: If the relevant Final Terms specifies that this Condition 11(f) (*Unmatured Coupons void*) is applicable or that the Floating Rate Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 10(b) (*Redemption for tax reasons*), Condition 10(c) (*Redemption at the option of the Issuer*), Condition 10(e) (*Redemption at the option of Noteholders*) or Condition 14 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- (g) *Payments on business days*: If the due date for payment of any amount in respect of any Bearer Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
- (h) *Payments other than in respect of matured Coupons*: Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Bearer Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by Condition 11(c) above).
- (i) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Bearer Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (j) *Exchange of Talons*: On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Bearer Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 15 (*Prescription*)). Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.
- (k) *Payment of US Dollar Equivalent*: Notwithstanding the foregoing, if by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer is not able, or it would be impracticable for it, to satisfy payments of principal or interest (in whole or in part) in respect of the Notes when due in Renminbi in the RMB Settlement Centre, the Issuer may, on giving not less than five or more

than 30 days' irrevocable notice to the Holders prior to the due date for payment, settle any such payment (in whole or in part) in US dollars on the due date at the US Dollar Equivalent of any such Renminbi denominated amount.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 12(g) (*Payment of US Dollar Equivalent*) by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agents and all Holders.

## 12. **Payments - Registered Notes**

Conditions 12(a) (*Principal*) to Condition 12(g) (*Payment of US Dollar Equivalent*) are only applicable to Registered Notes. Condition 12(h) (*Payment - Swedish Registered Notes*) is only applicable to Swedish Registered Notes.

(a) *Principal*: Payments of principal shall be in the case of:

- (i) payments in a Specified Currency other than euro, US Dollars or Renminbi, by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or at the option of the payee by a cheque in such Specified Currency drawn on, a bank in the Principal Financial Centre of the country of such Specified Currency;
- (ii) payments in euro, by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;
- (iii) payments in US Dollars, by credit or transfer to a US Dollar account outside the United States specified by the payee; and
- (iv) payments in Renminbi by credit or transfer to a Renminbi account maintained by or on behalf of the payee with a bank in the RMB Settlement Centre(s) as may be specified in the relevant Final Terms in accordance with applicable laws, rules, regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to settlement in Renminbi in such RMB Settlement Centre(s) as may be specified in the relevant Final Terms),

and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

(b) *Interest*: Payments of interest shall be made in the manner described in Condition 12(a) (*Principal*) above and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

(c) *Payments subject to fiscal laws*: All payments in respect of the Registered Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 13 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(d) *Payments on business days*: Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not Payment Business Day, for value the next succeeding Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Registered Note shall not be entitled to any interest

or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a Payment Business Day or (B) a cheque mailed in accordance with this Condition 13 (*Taxation*) arriving after the due date for payment or being lost in the mail.

- (e) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Registered Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.
- (f) *Record date*: Each payment in respect of a Registered Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the **Record Date**). Where payment in respect of a Registered Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.
- (g) *Payment of US Dollar Equivalent*: Notwithstanding the foregoing, if by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer is not able, or it would be impracticable for it, to satisfy payments of principal or interest (in whole or in part) in respect of the Notes when due in Renminbi in the relevant RMB Settlement Centre, the Issuer may, on giving not less than five or more than 30 days' irrevocable notice to the Holders prior to the due date for payment, settle any such payment (in whole or in part) in US dollars on the due date at the US Dollar Equivalent of any such Renminbi denominated amount.

In such event, payments of the US Dollar Equivalent of the relevant principal or interest in respect of Registered Notes represented by Note Certificates shall be made by a US dollar denominated cheque drawn on a bank in New York City and mailed to the Holder of such Note Certificates at its address appearing in the Register, or, upon application by the Holder to the specified office of the Registrar or any Transfer Agent before the Record Date, by transfer to a US dollar denominated account with a bank in New York City.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 12(g) (*Payment of US Dollar Equivalent*) by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agents and all Holders.

- (h) *Payment - Swedish Registered Notes*: Payments of principal and/or interest in respect of Swedish Registered Notes shall be made to the persons shown as the Holders of Swedish Registered Notes on the fifth Business Day (or in accordance with the rules and procedure applied by Euroclear Sweden from time to time) before the due date for such payment, or such other Business Day falling closer to the due date as may be stipulated in the current rules and procedures of Euroclear Sweden. Such day will be the **Record Date** in respect of Swedish Registered Notes.

### 13. **Taxation**

- (a) *Gross up*: All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any Tax Jurisdiction, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon:
  - (i) held by or on behalf of a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon; or

- (ii) 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, this Directive; or
  - (iii) held by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the EU; or
  - (iv) where the relevant Note or Coupon or Note Certificate is surrendered for payment more than 30 days after the Relevant Date except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting or surrendering such Note or Coupon or Note Certificate for payment on the last day of such period of 30 days; or
  - (v) where such withholding or deduction is required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.
- (b) *Taxing jurisdiction:* If the Issuer becomes subject at any time to any taxing jurisdiction other than the Tax Jurisdiction references in these Conditions to the Tax Jurisdiction shall be construed as references to the Tax Jurisdiction and/or such other jurisdiction.

14. **Events of Default**

If any of the following events occurs and is continuing:

- (a) *Non-payment:* if default is made in the payment of any principal or interest in respect of the Notes or any of them and the default continues for a period of 7 days in the case of principal and 14 days in the case of interest; or
- (b) *Breach of other obligations:* the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes and such default remains unremedied for 45 days after written notice thereof, addressed to the Issuer by any Noteholder, has been delivered to the Issuer or to the Specified Office of the Fiscal Agent; or
- (c) *Cross-default of Issuer or Principal Subsidiary:*
  - (i) any Indebtedness of the Issuer or any of its Principal Subsidiaries is not paid when due or (as the case may be) within any applicable grace period;
  - (ii) any such Indebtedness becomes due and payable prior to its stated maturity (otherwise than at the option of the Issuer or (as the case may be) the relevant Principal Subsidiary) by reason of an event of default (however described);
  - (iii) the Issuer or any of its Principal Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Indebtedness as extended by any applicable grace period;
  - (iv) any security given by the Issuer or any of its Principal Subsidiaries for any Indebtedness becomes enforceable by reason of default; or
  - (v) one or more judgment(s) or order(s) for the payment is rendered against the Issuer or any of its Principal Subsidiaries and continue(s) unsatisfied and unstayed for a period of 45 days after the date(s) thereof or, if later, the date therein specified for payment,

*provided that* no event referred to in this Condition 14(c) (*Cross-default of Issuer or Principal Subsidiary*) shall constitute an Event of Default, first, unless the relative Indebtedness either alone or when aggregated with other Indebtedness relative to all (if any) other such events which shall have occurred shall amount to at least €50,000,000 (or its equivalent in any other currency); or

- (d) *Insolvency, etc.:* (i) the Issuer or any of its Principal Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator of the Issuer or any of its Principal Subsidiaries for all or substantially all of the undertaking, assets and revenues of the Issuer or any of its Principal Subsidiaries is appointed and such appointment is not discharged within 45 days, (iii) the Issuer or any of its Principal Subsidiaries makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any guarantee or indemnity of any Indebtedness given by it, save for the purposes of an amalgamation, merger, consolidation, reorganisation, reconstruction or other similar arrangement (A) in the case of a Principal Subsidiary not involving or arising out of the insolvency of such Principal Subsidiary and under which all or substantially all of its assets are transferred to the Issuer or any of its other Subsidiaries, or (B) in the case of a Principal Subsidiary under which all or substantially all of its assets are transferred to a third party or parties (whether associated or not) for consideration received by the Issuer or a Principal Subsidiary on an arm's length basis, or (C) in the case of a Principal Subsidiary under which all or substantially all of its assets are transferred and the transferee is or immediately upon such transfer becomes a Principal Subsidiary, or (D) on terms previously approved by an Extraordinary Resolution of the Noteholders; or
- (e) *Winding up, etc.:* an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any of its Principal Subsidiaries, save for the purposes of an amalgamation, merger, consolidation, reorganisation, reconstruction or other similar arrangement (A) in the case of a Principal Subsidiary not involving or arising out of the insolvency of such Principal Subsidiary and under which all or substantially all of its assets are transferred to the Issuer or any of its Principal Subsidiaries, or (B) in the case of a Principal Subsidiary under which all or substantially all of its assets are transferred to a third party or parties (whether associated or not) for consideration received by the Issuer or a Principal Subsidiary on an arm's length basis, or (C) in the case of a Principal Subsidiary under which all or substantially all of its assets are transferred and the transferee is or immediately upon such transfer becomes a Principal Subsidiary, or (D) on terms previously approved by an Extraordinary Resolution of the Noteholders,

then any Note may, by written notice addressed by the holder thereof to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, be declared immediately (or, in the case of Swedish Registered Notes, such later date on which the relevant Swedish Registered Notes have been transferred to the account designated by the Swedish Issuing Agent and blocked for further transfer by such Swedish Issuing Agent) due and payable, whereupon it shall become immediately due and payable at its Early Termination Amount together with accrued interest (if any) without further action or formality.

15. **Prescription**

Claims for principal in respect of Bearer Notes shall become void unless the relevant Bearer Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest in respect of Bearer Notes shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date. Claims for principal and interest on redemption in respect of Registered Notes shall become void unless the relevant Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

16. **Replacement of Notes and Coupons**

If any Note, Coupon or Note Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent, in the case of Bearer Notes, or the Registrar, in the case of Registered Notes (and, if the Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent or Transfer Agent in any particular place, the Paying Agent or Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Note Certificates must be surrendered before replacements will be issued. For

the avoidance of doubt, this Condition 16 (*Replacement of Notes and Coupons*) shall not apply to the Swedish Registered Notes.

17. **Agents**

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor fiscal agent or registrar or Calculation Agent and additional or successor paying agents; *provided, however, that* so long as the relevant Notes or Swedish Registered Notes remain outstanding:

- (a) the Issuer shall at all times maintain a fiscal agent, a registrar in respect of Registered Notes or, as the case may be, the Swedish Registered Notes, which in the latter case shall be Euroclear Sweden;
- (b) the Issuer shall at all times maintain a paying agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC on the taxation of savings income;
- (c) the Issuer shall at all times maintain a Swedish Issuing Agent *provided that* such Swedish Issuing Agent is duly authorised by Euroclear Sweden;
- (d) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent; and
- (e) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent and/or a Transfer Agent in any particular place, the Issuer shall maintain a Paying Agent and/or a Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders.

18. **Meetings of Noteholders; Modification and Waiver**

- (a) *Meetings of Noteholders other than in respect of Swedish Registered Notes:* The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and shall be convened by them upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; *provided, however, that* Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than two-thirds or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.



The Swedish Agency Agreement will contain provisions regarding meetings of Noteholders of Swedish Registered Notes.

The Swedish Issuing Agent shall prior to and in connection with meetings of Noteholders, and otherwise as and when required to carry out its duties under these Conditions, be entitled to obtain information from the register of Noteholders kept by Euroclear Sweden in respect of the Swedish Registered Notes (Sw. *skuldbok*), provided that this is permitted under the rules of Euroclear Sweden.

- (b) *Modification*: The Notes, these Conditions and the Deed of Covenant may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

#### 19. **Further Issues**

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

#### 20. **Notices**

- (a) *Bearer Notes*: Notices to the Holders of Bearer Notes, save in the case of Exempt Notes where another means of effective communication has been specified in the relevant Pricing Supplement, shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) or if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Holders of Bearer Notes.
- (b) *Registered Notes*: Notices to the Holders of Registered Notes shall be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.
- (c) *Swedish Registered Notes*: Notices to the Holders of Swedish Registered Notes shall be valid if sent by mail (if posted to an overseas address) by airmail to their registered addresses appearing in the Euroclear Sweden Register. Any such notice shall be deemed to have been given on the fourth Business Day after the day of which it was mailed.

#### 21. **Currency Indemnity**

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the **first currency**) in which the same is payable under these Conditions or such order or judgment into another currency (the **second currency**) for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

22. **Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all US dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

23. **Governing Law and Jurisdiction**

- (a) *Governing law*: The Notes and all non-contractual obligations arising out of or in connection with the Notes are governed by English law. In addition, the Swedish Registered Notes must comply with the SFIA Act.
- (b) *English courts*: The courts of England have exclusive jurisdiction to settle any dispute (a **Dispute**) arising from or connected with the Notes including a Dispute relating to any non-contractual obligation arising out of or in connection with the Notes.
- (c) *Appropriate forum*: The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- (d) *Rights of the Noteholders to take proceedings outside England*: Condition 23(b) (*English courts*) is for the benefit of the Noteholders only. As a result, save in respect of the limited exception set out in Condition 23(e) (*Proceedings in respect of Swedish Registered Notes*), nothing in this Condition 23 (*Governing law and jurisdiction*) prevents any Noteholder from taking proceedings relating to a Dispute (**Proceedings**) in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.
- (e) *Proceedings in respect of Swedish Registered Notes*: Notwithstanding that, under the SFIA Act or the operating procedures, rules and regulations of Euroclear Sweden (together, the **Swedish Remedies**), Holders of Swedish Registered Notes may have remedies against the Issuer for non-payment or non-performance under the Conditions applicable to such Swedish Registered Notes, a Swedish Registered Note Holder must first exhaust all available remedies under English law for non-payment or non-performance before any Proceedings may be brought against the Issuer in Sweden in respect of the Swedish Remedies. Notwithstanding Condition 23(d) (*Rights of the Noteholders to take proceedings outside England*), and in this limited respect only, a Registered Holder of Swedish Registered Notes may therefore not take concurrent Proceedings in Sweden.
- (f) *Service of process*: The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Sandvik Limited at Manor Way, Halesowen, West Midlands, B62 8QZ or at any address of the Group's in Great Britain at which service of process may be served on it in accordance with the Companies Act 2006. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition 23(f) (*Service of Process*) applies to Proceedings in England and to Proceedings elsewhere.

## FORM OF FINAL TERMS

*The Final Terms in respect of each Tranche of Notes (other than Exempt Notes) will be substantially in the following form and completed to reflect the particular terms of the relevant Notes and their issue.*

**Final Terms dated [●]**

### SANDVIK AB (PUBL)

Issue of [Aggregate Principal Amount of Tranche] [Title of Notes]

**under the €3,000,000,000 Euro Medium Term Note Programme**

### PART A – CONTRACTUAL TERMS

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 19 December 2014 [and supplement(s) to it dated [●] which [together] constitute[s] a base prospectus (the **Base Prospectus**) for the purposes of Directive 2003/71/EC, as amended (the **Prospectus Directive**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus.

Full information on the Issuer and the offer of the Notes described herein is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

[Terms used herein shall be deemed to be defined as such for the purposes of the [Insert relevant date of the Conditions] Conditions (the **Conditions**) incorporated by reference in the base prospectus dated 19 December 2014. These Final Terms contain the final terms of the Notes and must be read in conjunction with the base prospectus dated 19 December 2014 [and the supplement(s) to it dated [date]] which [together] constitute[s] a base prospectus (the **Base Prospectus**) for the purposes of Directive 2003/71/EC, as amended (the **Prospectus Directive**), save in respect of the Conditions which are set forth in the base prospectus dated [the original date] and are incorporated by reference in the Base Prospectus. This document constitutes the Final Terms relating to the issue of Notes described herein for the purposes of Article 5.4 of the Prospectus Directive.]

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, the base prospectus dated 19 December 2014 [and the supplement(s)] dated [●] [and [●]]. The Base Prospectus has been published on <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

- |    |   |  |
|----|---|--|
| 1. | Issuer:                                     | Sandvik AB (publ)  |
| 2. | [(i) Series Number:]                        | [●]  |
|    | [(ii) Tranche Number:                       | [●]  |
|    | [(iii) Date on which Notes become fungible: | [Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with [●] on [●/the Issue Date/Exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [24][which is expected to occur on or about [●]].] |
| 3. | Specified Currency or Currencies:           | [●]  |
| 4. | Aggregate Principal Amount:                 | [●]  |
|    | [(i)] [Series]:                             | [●]  |

- (ii) Tranche: [●]
5. Issue Price: [●] per cent. of the Aggregate Principal Amount  
[plus accrued interest from [●]]
6. (i) Specified Denominations: [●]  
(ii) Calculation Amount: [●]
7. (i) Issue Date: [●]  
(ii) Interest Commencement Date: [●] [Issue Date] [Not Applicable]
8. Maturity Date: [●]
9. Interest Basis: [[●] per cent. Fixed Rate]  
[[●] +/- [●] per cent. Floating Rate]  
[Zero Coupon]
10. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at the Final Redemption Amount.
11. Put/Call Options: [Not Applicable]  
[Investor Put]  
[Issuer Call]  
[(further particulars specified below)]

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

12. **Fixed Rate Note Provisions** [Applicable] [Not Applicable]
- (i) Rate[(s)] of Interest: [●] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [[●] [and [●]] in each year [adjusted in accordance with [●]/not adjusted]]
- (iii) Fixed Coupon Amount[(s)]: [[●] per Calculation Amount] [Not Applicable]
- (iv) Interest Payment Date adjustment (for Renminbi or Hong Kong dollar-denominated Note): [Applicable] [Not Applicable]
- (v) Broken Amount(s): [Not Applicable/[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]] [Not Applicable]
- (vi) Day Count Fraction: [30/360 / Actual/Actual (ICMA/ISDA)/other]
- (vii) [Determination Dates: [●] [and [●]] in each year][Not Applicable]
13. **Floating Rate Note Provisions** [Applicable] [Not Applicable]
- (i) Interest Period(s): [●]
- (ii) Specified Period: [●] [Not Applicable]
- (iii) Specified Interest Payment [[●] in each year, [subject to adjustment in

- Dates: accordance with the Business Day Convention set out in (v) below/not subject to any adjustment, as the Business Day Convention set out in (v) below is specified to be Not Applicable] [Not Applicable]
- (iv) First Interest Payment Date: [●]
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/Not Applicable]
- (vi) Additional Business Centre(s): [Not Applicable] [●]
- (vii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination] [ISDA Determination]
- (viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Fiscal Agent]): [[●] shall be the Calculation Agent/Not Applicable]
- (ix) Screen Rate Determination: [Applicable] [Not Applicable]
- Reference Rate: [[●] month] [LIBOR/EURIBOR/STIBOR]
  - Interest Determination Date(s): [●]
  - Relevant Screen Page: [●]
  - Relevant Time: [●]
  - Relevant Financial Centre: [●]
- (x) ISDA Determination: [Applicable] [Not Applicable]
- Floating Rate Option: [●]
  - Designated Maturity: [●]
  - Reset Date: [●]
- (xi) Linear Interpolation: [Not Applicable][Applicable - the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using linear interpolation] [*Specify for each short or long interest period*]
- (xii) Margin(s): [+/-][●] per cent. per annum
- (xiii) Minimum Rate of Interest: [Not Applicable] [[●] per cent. per annum]

- (xiv) Maximum Rate of Interest: [Not Applicable] [[●] per cent. per annum]
- (xv) Day Count Fraction: [●]  
 [Actual/Actual (ICMA)]  
 [Actual/Actual (ISDA)]  
 [Actual/365 (Fixed) ]  
 [Actual/360]  
 [30/360]  
 [30E/360]  
 [30E/360 (ISDA)]  
 [Other]

14. **Zero Coupon Note Provisions** [Applicable] [Not Applicable]
- (i) Accrual Yield: [●] per cent. per annum
- (ii) Reference Price: [●]
- (iii) Day Count Fraction in relation to Early Redemption Amounts and late payment: [●]

**PROVISIONS RELATING TO REDEMPTION**

15. **Call Option** [Applicable] [Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s) (Call): [●]
- (ii) Optional Redemption Amount(s) (Call) of each Note: [[●] per Calculation Amount] [Make-Whole Redemption Price] [in the case of the Optional Redemption Date(s) falling [on [●]]/[in the period from and including [date] but excluding [date]]]
- (iii) Make-Whole Redemption Price: [Spens Amount] [Make-Whole Redemption Amount] [Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- Reference Bond: [●]
  - Quotation Time: [●]
  - Redemption Margin: [●] per cent.
  - Determination Date: [●]
  - Determination Agent: [●]
- (iv) If redeemable in part: [Applicable] [Not Applicable]
- (a) Minimum Redemption Amount: [●] per Calculation Amount

- (b) Maximum Redemption Amount: [●] per Calculation Amount
- (v) Notice period: [●]
16. **Put Option** [Applicable] [Not Applicable]
- (i) Optional Redemption Date(s) (Put): [●]
- (ii) Optional Redemption Amount(s) (Put) of each Note: [●] per Calculation Amount
- (iii) Notice period: [●]
17. **Final Redemption Amount of each Note** [●] per Calculation Amount
18. **Early Redemption Amount**
- Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption: [[●] per Calculation Amount] [Condition 10(g) applies]

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

19. **Form of Notes:** [Bearer Notes:
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [60] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]
- [Temporary Global Note exchangeable for Definitive Notes on or after the Exchange Date]
- [Permanent Global Note exchangeable for Definitive Notes on [60] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]]
- [Registered Notes]
- [Global Registered Notes registered in the name of a nominee for [a common depository for Euroclear Bank NA/SV and Clearstream Banking, *société anonyme*, a Common Safekeeper for Euroclear Bank NA/SV and Clearstream Banking, *société anonyme* (that is, held under NSS)]]
- [Swedish Registered Notes
- Registrar: Euroclear Sweden
- Swedish Issuing Agent: [●]]
20. **(i) New Global Note:** [Yes] [No]

- |     |  |  |
|-----|--|--|
|     | <b>(ii) New Safekeeping Structure:</b>   | [Yes] [No]   |
| 21. | <b>Additional Financial Centre(s) or other special provisions relating to payment dates:</b>                             | [Not Applicable/[●]]   |
| 22. | <b>Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):</b> | [Yes/No.][As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are left.] |
| 23. | <b>RMB Settlement Centre(s):</b>   | [●] [Hong Kong] [Not Applicable]   |

**THIRD PARTY INFORMATION**

[[●] 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 Sandvik AB (publ):

By:.....  
Duly authorised



## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

Listing and admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to the Official List of the UK Listing Authority and to trading on the Regulated Market with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to listing on the Official List of the UK Listing Authority and to trading on the Regulated Market with effect from [●].]

Estimate of total expenses related to admission to trading: [●]

### 2. RATINGS

Ratings: The Notes to be issued [have been/are expected to be rated:

[[S&P's Credit Market Services Europe Limited]: “[●]”]

### 3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]

[●]

### 4. [REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

i. Reasons for the offer: [●]

ii. Estimated net proceeds: [●]

iii. Estimated total expenses: [●]

### 5. [Fixed Rate Notes only - YIELD

Indication of yield: [●]

Calculated as [●] on the Issue Date.

As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

### 6. OPERATIONAL INFORMATION

i. ISIN: [●]

ii. Common Code: [●]

iii. Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, *société anonyme* and the relevant identification number(s): [Not Applicable/●]

[Euroclear Sweden Identification number:]

- iv. Delivery: Delivery [against/free of] payment
- v. Names and addresses of additional Paying Agent(s) (if any): /Not Applicable
- vi. Name of Swedish Issuing Agent (if any): /Not Applicable
- vii. Intended to be held in a manner which would allow Eurosystem eligibility: [Yes/No]

7. **DISTRIBUTION**

- US Selling Restrictions: [Reg. S Compliance 2/Not Applicable]  
[TEFRA C/TEFRA D/TEFRA not applicable]

## FORM OF PRICING SUPPLEMENT

*The Pricing Supplement which will be completed for each Tranche of Exempt Notes, whatever the denomination of those notes, issued under the Programme will be substantially in the following form, duly supplemented, amended as necessary to reflect the particular terms of the relevant Notes and their issue.*

**NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC FOR THE ISSUE OF NOTES DESCRIBED BELOW. THE UK LISTING AUTHORITY HAS NEITHER APPROVED NOR REVIEWED THIS PRICING SUPPLEMENT.**

**Pricing Supplement dated [●]**

**SANDVIK AB (PUBL)**

Issue of [*Aggregate Principal Amount of Tranche*] [*Title of Notes*]

**under the €3,000,000,000 Programme for the issuance of Notes**

### PART A - CONTRACTUAL TERMS

Any person making or intending to make an offer of the notes described in this Pricing Supplement (the **Notes**) may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Directive 2003/71/EC, as amended (the **Prospectus Directive**) or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer.

This document constitutes the Pricing Supplement for the Notes described herein. [Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Prospectus dated 19 December 2014 and the supplement(s) to it dated [●]] (the **Base Prospectus**). Full information on the Issuer and the offer of the notes is only available on the basis of the combination of this Pricing Supplement and the Base Prospectus. The Base Prospectus is available for viewing at and copies may be obtained from the registered office of the Issuer at Kungsbron 1, Uppgång G, Plan 6, Box 510 Stockholm SE-101 30, Sweden, and at the registered office of the Paying Agent, Citibank N.A., London Branch, 14th Floor, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB United Kingdom.]

[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 [*the original date*] [and the supplement[(s)] to it dated [*date*]] which are incorporated by reference in the Base Prospectus dated 19 December 2014. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Prospectus dated 19 December 2014 and the supplement(s) to it dated [●] and [●]]. [The Prospectus dated 19 December 2014 [and supplement[s] to it] [is] [are] available for viewing at and copies may be obtained from the registered office of the Issuer at Kungsbron 1, Uppgång G, Plan 6, Box 510 Stockholm SE-101 30, Sweden, and at the registered office of the Paying Agent, at the offices of the Paying Agent, Citibank N.A., London Branch, 14th Floor, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB United Kingdom.]]

*[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Pricing Supplement.]*

1. Issuer: Sandvik AB (publ)
2. [(a)] Series Number: [●]
- [(b)] Tranche Number: [●]
- [(c)] Date on which the Notes will be consolidated and form a single Series: The Notes will be consolidated and form a single Series with [●] on [the Issue Date][exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [●] below, which is expected to occur

- on or about [●] [Not Applicable]
3. Specified Currency or Currencies: [●]
4. Aggregate Principal Amount: [●]
- [(i) Series: [●]]  
*[Insert total principal amount of outstanding Notes, including the Tranche which is the subject of this Pricing Supplement]*
- [(ii) Tranche: [●]]
5. Issue Price: [●] per cent. of the Aggregate Principal Amount [plus accrued interest from [●] (if applicable)]
6. (i) Specified Denomination(s): [●] [and integral multiples of [●] in excess thereof [up to and including [●]]]. No Notes in definitive form will be issued with a denomination above [●].
- [So long as the Notes are represented by a Temporary Global Note or Permanent Global Note and the relevant clearing system(s) so permit, the Notes will be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) and higher integral multiples of [●], notwithstanding that no Definitive Notes will be issued with denominations above [●].]*
- (ii) Calculation Amount: [●]
- [If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor][N.B. there must be a common factor in the case of two or more Specified Denominations]*
7. (i) Issue Date: [●]
- (ii) Interest Commencement Date: [●][Issue Date][Not Applicable]
8. Maturity Date: [●]
- [specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]*
9. Interest Basis: [[●] per cent. Fixed Rate]  
 [[●] month [LIBOR/EURIBOR/STIBOR/Other (specify reference rate)] +/- [●] per cent. Floating Rate]]  
 [Zero Coupon]  
 [Other (specify)]  
 [(further particulars specified below)]
10. Redemption/Payment Basis: [Redemption at par] [Other (specify)]

- [11. Change of Interest or Redemption Basis:  [Not Applicable] *[Specify details of any provision for convertibility of Notes into another Interest and/or Redemption Basis]*
12. Put/Call Options:  [Issuer Call][Issuer Put][Not Applicable]  
[further particulars specified below]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

13. **Fixed Rate Note Provisions**  [Applicable][Not Applicable]  
*[If not applicable, delete the remaining sub-paragraphs of this paragraph]*
- (i) Rate[(s)] of Interest:  per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s):  [and ] in each year adjusted in accordance with / not adjusted]
- (iii) Fixed Coupon Amount[(s)]:  per Calculation Amount] [Not Applicable]
- (iv) Interest Payment Date adjustment (for Renminbi or Hong Kong dollar-denominated Note):  [Applicable] [Not Applicable]
- (v) Broken Amount(s): [Not Applicable/ per Calculation Amount, payable on the Interest Payment Date falling [in/on] ] [Not Applicable]
- (vi) Day Count Fraction: [30/360/ Actual/Actual (ICMA/ISDA) / other]  
[Other (*specify*)]
- (vii) Determination Dates:  in each year] [Not Applicable]  
*[Insert regular Interest Payment Dates, ignoring the Issue Date or Maturity Date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA)]*
- (viii) Name and address of person responsible for calculating Basis of Interest and Interest Amount:  [Not Applicable]
- (ix) Other terms relating to the method of calculating interest for Fixed Rate Notes: *[Specify details]*[Not Applicable]
14. **Floating Rate Note Provisions**  [Applicable][Not Applicable]  
*[If not applicable, delete the remaining sub-paragraphs of this paragraph]*
- (i) Interest Period(s):
- (ii) Specified Period: /Not Applicable]

- (iii) Specified Interest Payment Dates:  in each year, [subject to adjustment in accordance with the Business Day Convention set out in (v) below/not subject to adjustment in accordance with the Business Day Convention set out in (v) below as the Business Day Convention in (v) below is specified to be Not Applicable]  [Not Applicable]
- (iv) First Interest Payment Date:
- (v) Business Day Convention:  Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention]  Other (*specify*)  [Not Applicable]
- (vi) Additional Business Centre(s):  [Not Applicable]
- (vii) Manner in which the Rate(s) of Interest is/are to be determined:  Screen Rate Determination][ISDA Determination]  Other (*specify*)
- (viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Fiscal Agent):  shall be the Calculation Agent/ Not Applicable]
- (ix) Screen Rate Determination:  [Applicable][Not Applicable]
- [If not applicable, delete the remainder of this subparagraph (vi)]*
- Reference Rate:  month]  LIBOR/EURIBOR/STIBOR]  Other (*specify, including any amendment to fallback provisions*)
  - 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 the second day on which the TARGET System is open prior to start of each Interest Period if EURIBOR or euro LIBOR]*
  - Relevant Screen Page:   
*[In the case of EURIBOR, if not Reuters EURIBOR 01, ensure it is a page which shows a composite rate or amend fallback provisions appropriately]*
  - Relevant Time:
  - Relevant Financial Centre:
- (x) ISDA Determination:  [Applicable][Not Applicable] *[If not applicable, delete the remainder of this subparagraph (vii)]*

- Floating Rate Option: [●]
  - Designated Maturity: [●]
  - Reset Date: [●]
- (xi) Linear Interpolation: [Not Applicable] [Applicable - the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using linear interpolation] [*Specify for each short or long interest period*]
- (xii) Margin(s): [+/-] [●] per cent. per annum
- (xiii) Minimum Rate of Interest: [●] per cent. per annum
- (xiv) Maximum Rate of Interest: [●] per cent. per annum
- (xv) Day Count Fraction: [●]  
 [Actual/Actual (ICMA)  
 Actual/Actual (ISDA)  
 Actual/365 (Fixed)  
  
 Actual/360  
 30/360  
 30E/360  
 30E/360 (ISDA)  
 Other]
- (xvi) Fallback provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [*Specify*][Not Applicable]
15. **Zero Coupon Note Provisions** [Applicable][Not Applicable]  
*[If not applicable, delete the remaining subparagraphs of this paragraph]*
- (i) Accrual Yield: [●] per cent. per annum
- (ii) Reference Price: [●]
- (iii) Any other formula/basis of determining amount payable: [*Specify*][Not Applicable]
- (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [●]
16. **Index-Linked Interest Note/other variable linked interest Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (i) Index/Formula/other variable: [give or annex details]
- (ii) Calculation Agent or other party responsible for calculating the interest due: [●]
- (iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable: [●] [*need to include a description of market disruption or settlement disruption events and adjustment provisions*]
- (iv) Interest Determination Date(s): [●]
- (v) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [●]
- (vi) Interest or calculation period(s): [●]
- (vii) Interest Payment Dates/Specified Periods: [●]
- (viii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (ix) Additional Business Centre(s): [●]
- (x) Minimum Rate/Amount of Interest: [●] per cent. per annum
- (xi) Maximum Rate/Amount of Interest: [●] per cent. per annum
- (xii) Day Count Fraction: [●]

17. **Dual Currency Note Provisions** [Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (i) Rate of Exchange/method of calculating Rate of Exchange: [give details]
- (ii) Calculation Agent, or other party, if any, responsible for calculating the principal and/or interest due (if not the Agent): [●]
- (iii) Provisions applicable where [●]



calculation by reference to Rate of Exchange impossible or impracticable:

- (iv) Person at whose option Specified Currency(ies) is/are payable: [●]

**PROVISIONS RELATING TO REDEMPTION**

18. **Call Option** [Applicable] [Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*  
 [●]
- (i) Optional Redemption Date(s) (Call):
- (ii) Optional Redemption Amount(s) (Call) of each Note: [[●] per Calculation Amount] [Make-Whole Redemption Price] [in the case of the Optional Redemption Date(s) falling [on [●]]/[in the period from and including [date] but excluding [date]]
- (iii) Make-Whole Redemption Price: [Spens Amount] [Make-Whole Redemption Amount] [Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- Reference Bond: [●]
  - Quotation Time: [●]
  - Redemption Margin: [●] per cent.
  - Determination Date: [●]
  - Determination Agent: [●]
19. **Noteholder Put Option** [Applicable][Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s) (Put): [●]
- (ii) Optional Redemption Amount(s) (Put) of each Note and method, if any, of calculation of such amount(s): [●] per Calculation Amount [Other (specify)] [See Appendix]
- (iii) Notice period: Minimum period: [15] days  
 Maximum period: [30] days
20. **Final Redemption Amount** [[●] per Calculation Amount] [Other (specify)] [See Appendix]
21. **Early Redemption Amount**

Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default:	[[●] per Calculation Amount][Condition 10(g) applies][Other ( <i>specify</i> )]
<b>GENERAL PROVISIONS APPLICABLE TO THE NOTES</b>	[[ ] per Calculation Amount] [Other ( <i>specify</i> )] [See Appendix]
22. <b>Form of Notes:</b>	<p>[Bearer Notes:</p> <p>[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [60] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]</p> <p>[Temporary Global Note exchangeable for [Definitive Notes on [●] days' notice]]</p> <p>[Permanent Global Note exchangeable for [Definitive Notes on [60] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]]</p> <p>[Registered Notes]</p> <p>[Swedish Registered Notes</p> <p>Registrar: Euroclear Sweden</p> <p>Swedish Issuing Agent: [●]]</p>
23. (i) <b>New Global Note:</b>	[Yes][No]
(ii) <b>New Safekeeping Structure:</b>	[Yes][No]
24. <b>Additional Financial Centre(s) or other special provisions relating to payment dates:</b>	[Not Applicable][●]
25. <b>Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):</b>	[Yes/ No. <i>If yes, give details</i> ]
26. <b>RMB Settlement Centre(s):</b>	[●] [Hong Kong] [Not Applicable]
27. <b>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 consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment]:</b>	[Not Applicable/ <i>give details</i> ]
28. <b>Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:</b>	[Not Applicable/ <i>give details</i> ]
29. <b>Redenomination, renominatisation and reconventioning provisions:</b>	[Not Applicable/ <i>give details</i> ]

30. **Other final terms or special conditions:** [Not Applicable][Specify details]

**[THIRD PARTY INFORMATION]**

[Relevant third party information] has been extracted from [specify source]. 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 [specify source], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of Sandvik AB (publ):

By:.....  
Duly authorised

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

Listing and admission to trading:	[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to [●] and listing on [●] with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to listing on [●] and listing on [●] with effect from [●].] [Not Applicable]
Estimate of total expenses related to admission to trading:	[●] [Not Applicable]

### 2. RATINGS

Ratings:	The Notes to be issued [have been/are expected to be rated:  [[S & P's Credit Market Services Europe Limited]: [●]]  [[Moody's Investors Service Ltd.]: [●]]  [[Fitch Ratings Ltd.]: [●]]
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### 3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]

[●]

### 4. [REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES]

i. Reasons for the offer:	[●]
ii. Estimated net proceeds:	[●]
iii. Estimated total expenses:	[●]

### 5. [Fixed Rate Notes only - YIELD]

Indication of yield:	[●]  Calculated as [●] on the Issue Date.  As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]
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### 6. OPERATIONAL INFORMATION

i. ISIN:	[●]
ii. Common Code:	[●]
iii. Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, <i>société anonyme</i> and the relevant identification number(s):	[Not Applicable/●]  [Euroclear Sweden Identification number:]

- |      |   |  |
|------|---|--|
| iv.  | Delivery:   | Delivery [against/free of] payment   |
| v.   | Names and addresses of additional Paying Agent(s) (if any):               | [[●]/Not Applicable]   |
| vi.  | Name of Swedish Issuing Agent (if any):                                   | [[●]/Not Applicable]   |
| vii. | Intended to be held in a manner which would allow Eurosystem eligibility: | <p>[Yes/No]</p> <p>[Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)][<i>include this text for Registered Notes</i>] 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 the ECB being satisfied that Eurosystem eligibility criteria have been met.]</p> <p>[No. Whilst the designation is specified as “no” at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)][<i>include this text for Registered Notes</i>]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]</p> |

7. **DISTRIBUTION**

- |                                  |  |
|----------------------------------|--|
| US Selling Restrictions:         | [Reg. S Compliance 2/Not Applicable]   |
|                                  | [TEFRA C/TEFRA D/TEFRA not applicable] |
| Additional Selling Restrictions: | [●]                                    |

## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

### Clearing System Accountholders

In relation to any Tranche of Notes represented by a Global Note in bearer form, references in the Conditions to Noteholder are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary, in the case of a CGN, or a common safekeeper, in the case of an NGN for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or, as the case may be, common safekeeper.

In relation to any Tranche of Notes represented by a Global Registered Note, references in the Conditions to Noteholder are references to the person in whose name such Global Registered Note is for the time being registered in the Register which, for so long as the Global Registered Note is held by or on behalf of a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or a nominee for that depositary or, as the case may be, common safekeeper.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note or a Global Registered Note (each, an **Accountholder**) must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer to the holder of such Global Note or Global Registered Note and in relation to all other rights arising under such Global Note or Global Registered Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note or Global Registered Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by a Global Note or Global Registered Note, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the holder of such Global Note or Global Registered Note.

### Conditions applicable to Global Notes

Each Global Note and Global Registered Note will contain provisions which modify the Conditions as they apply to the Global Note or Global Registered Note. The following is a summary of certain of those provisions:

*Payments:* All payments in respect of the Global Note or Global Registered Note which, according to the Conditions, require presentation and/or surrender of a Note, Note Certificate or Coupon, will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note or Global Registered Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that in respect of a CGN the payment is noted in a schedule thereto and in respect of an NGN or a Global Registered Note held in NSS, the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

*Exercise of put option:* In order to exercise the option contained in Condition 10(e) (*Redemption at the option of Noteholders*) the bearer of the Permanent Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Fiscal Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

*Partial exercise of call option:* In connection with an exercise of the option contained in Condition 10(c) (*Redemption at the option of the Issuer*) in relation to some only of the Notes, the Permanent Global Note or Global Registered Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

*Notices:* Notwithstanding Condition 20 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) or Global Registered Note and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are), or the Global Registered Note is, deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 20 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

*Record Date:* Each payment in respect of a Global Registered Note will be made to the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the **Record Date**) where **Clearing System Business Day** means a day on which each clearing system for which the Global Registered Note is being held is open for business.

*Payment Business Day:* Notwithstanding the definition of Payment Business Day in Condition 2(a) (*Definitions*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) or a Global Registered Note and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are), or the Global Registered Note is deposited with a depositary or a common depositary or a common safekeeper for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, **Payment Business Day** means:

- (a) if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (b) if the currency of payment is Renminbi, any day on which commercial banks and foreign exchange markets are open for business in the relevant RMB Settlement Centre(s) and on which commercial banks in the relevant RMB Settlement Centre(s) are open for business and settlement of Renminbi payments; or
- (c) if the currency of payment is not euro or Renminbi, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

## **USE OF PROCEEDS**

The net proceeds from the issue of each Series of Notes will be used for the Issuer's general corporate purposes. If in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the relevant Final Terms.



## PRC CURRENCY CONTROLS

*The following is a general description of certain currency controls in the PRC and is based on the law and relevant interpretations thereof in effect as at the date of this Base Prospectus, all of which are subject to change, and does not constitute legal advice. It does not purport to be a complete analysis of all applicable currency controls in the PRC relating to the RMB Notes. Prospective holders of RMB Notes who are in any doubt as to PRC currency controls are advised to consult their own professional advisers.*

Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside the PRC is subject to control imposed under PRC law.

### Current Account Items

Under the applicable PRC foreign exchange control regulations, current account items refer to any transaction for international receipts and payments involving goods, services, earnings and other frequent transfers.

Since July 2009, the PRC has commenced a pilot scheme, pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated cities in the PRC including Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions including Hong Kong and Macau. In June 2010, July 2011 and February 2012 respectively, the PRC government promulgated the “Circular on Issues concerning the Expansion of the Scope of the Pilot Programme of Renminbi Settlement of Cross-Border Trades”, the “Circular on Expanding the Regions of Cross-border Trade Renminbi Settlement” and the “Notice on Matters Relevant to the Administration of Enterprises Engaged in Renminbi Settlement of Export Trade in Goods”. Pursuant to these circulars, (i) Renminbi settlement of imports and exports of goods and of services and other current account items became permissible, (ii) the list of designated pilot districts were expanded to cover all provinces and cities in the PRC, (iii) the restriction on designated offshore districts has been lifted and (iv) any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports of goods, provided that the relevant provincial government has submitted to the PBOC and five other PRC authorities (the **Six Authorities**) a list of key enterprises subject to supervision and the Six Authorities have verified and signed off such list (the **Supervision List**) annually. On 12 June 2012, the PBOC issued a notice stating that the Six Authorities had jointly verified and announced a Supervision List and as a result any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports.

On 5 July 2013, the PBOC promulgated the “Circular on Policies related to Simplifying and Improving Cross-border Renminbi Business Procedures” (the **2013 PBOC Circular**) with the intent to improve the efficiency of cross border Renminbi settlement and facilitate the use of Renminbi for the settlement of cross border transactions under current accounts or capital accounts. In particular, the 2013 PBOC Circular simplifies the procedures for cross border Renminbi trade settlement under current account items. For example, PRC banks may conduct settlement for PRC enterprises upon the PRC enterprises presenting the payment instruction, with certain exceptions. PRC banks may also allow PRC enterprises to make and/or receive payments under current account items prior to the relevant PRC bank’s verification of underlying transactions (noting that verification of underlying transactions is usually a precondition for cross border remittance).

The above regulations will be subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying these regulations and impose conditions for settlement of current account items.

### Capital Account Items

Under the applicable PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of the relevant PRC authorities.

Settlements for capital account items are generally required to be made in foreign currencies. For instance, foreign investors (including any investors in Hong Kong and Macau Special Administrative Regions) are required to make any capital contribution to foreign invested enterprises in a foreign

currency in accordance with the terms set out in the relevant joint venture contracts and/or articles of association as approved by the relevant authorities. Foreign invested enterprises or relevant PRC parties are also generally required to make capital item payments including proceeds from liquidation, transfer of shares, reduction of capital, interest and principal repayment to foreign investors in a foreign currency. That said, the relevant PRC authorities may grant approval for a foreign entity to make a capital contribution or a shareholder's loan to a foreign invested enterprise with Renminbi lawfully obtained by it outside the PRC and for the foreign invested enterprise to service interest and principal repayment to its foreign investor outside the PRC in Renminbi on a trial basis. The foreign invested enterprise may be required to complete registration and verification process with the relevant PRC authorities before such Renminbi remittances.

On 13 October 2011, the PBOC promulgated the PBOC RMB FDI Measures, pursuant to which, PBOC special approval for RMB FDI and shareholder loans which is required by the PBOC notice concerning Clarification of Certain Issues on Cross-border RMB Settlement (《中國人民銀行關於明確跨境人民幣業務相關問題的通知》) promulgated on 3 June 2011 is no longer necessary. On 14 June 2012, the PBOC further issued the implementing rules for the PBOC RMB FDI Measures. The PBOC RMB FDI Measures provide that, among others, foreign invested enterprises are required to conduct registrations with the local branch of the PBOC within 10 working days after obtaining the business licences for the purpose of Renminbi settlement. A foreign investor is allowed to open Renminbi special accounts for designated usage in relation to making equity investment in a PRC enterprise or receiving Renminbi proceeds from distribution (dividends or otherwise) by its PRC subsidiaries. The PBOC RMB FDI Measures also state that Renminbi debt and foreign currency debt of a foreign invested enterprise from its offshore shareholders, offshore affiliates and offshore financial institutions constitute its foreign debt quota. A foreign invested enterprise may open a Renminbi account (人民幣一般存款賬戶) to receive its Renminbi proceeds borrowed offshore by submitting the Renminbi loan contract to the commercial bank and make repayments of principal of and interest on such debt in Renminbi by submitting certain documents as required to the commercial bank.

According to the 2013 PBOC Circular, upon enforcement of external guarantees in Renminbi provided by onshore non-financial enterprises, PRC banks may provide Renminbi settlement services (i.e. remittance of enforcement proceeds) directly upon verification of the authenticity of the transaction, which seems to indicate that SAFE approval for enforcement (which would be required in the case of the external guarantees in foreign currencies) is no longer required. Furthermore, onshore non-financial enterprises can (via PRC banks) extend loans in Renminbi to offshore entities within the same group under Renminbi cash pooling arrangements and will no longer need to apply for a quota from SAFE. However, SAFE has not amended its positions under the SAFE Circular, nor has it issued any regulations to confirm the positions in the 2013 PBOC Circular. Therefore, there remain potential inconsistencies between the provisions of the SAFE Circular and the provisions of the 2013 PBOC Circular and it is unclear how SAFE will deal with such inconsistencies in practice.

On 3 December 2013, MOFCOM promulgated the MOFCOM RMB FDI Announcement which became effective on 1 January 2014 and superseded the MOFCOM RMB FDI Circular. The MOFCOM RMB FDI Announcement further simplified the approval procedures for the RMB FDI. Pursuant to the MOFCOM RMB FDI Announcement, written approval from the appropriate office of MOFCOM and/or its local counterparts specifying "Overseas Renminbi Investment" and the amount of capital contribution is required for each RMB FDI. The MOFCOM RMB FDI Announcement no longer contains the requirements for central level MOFCOM approvals for RMB FDI of RMB300 million or above, or in certain industries. Unlike the MOFCOM RMB FDI Circular, the MOFCOM RMB FDI Announcement has also removed the approval requirement for foreign investors who intend to change the currency of their existing capital contribution from a foreign currency to Renminbi. The MOFCOM RMB FDI Announcement (as well as the MOFCOM RMB FDI Circular) also clearly prohibits FDI funds from being used for any investments in securities and financial derivatives (except for investments in PRC listed companies by strategic investors) or for entrustment loans in the PRC.

The above regulations will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

## DESCRIPTION OF THE ISSUER

The Issuer was established in 1862 and incorporated in 1897 under the laws of Sweden as a public company (Aktiebolag). The Issuer is registered at the Swedish Companies Registration Office with registration number 556000-3468. The Issuer's principal place of business is at Kungsbron 1, Uppgång G, Plan 6, Box 510, Stockholm SE-101 30, Sweden and its telephone number is +46 (0) 26 26 00 00.

The Issuer is the ultimate parent company of approximately 370 subsidiaries in more than 60 countries (as at 31 December 2013) and is dependent on the performance of the Group for the satisfaction of its obligations. References in this business description to the **Group** are to the Issuer and its subsidiaries (the **Subsidiaries**).

### *History and development*

The Issuer was founded in 1862 by Göran Fredrik Göransson, who pioneered the Bessemer method for industrial-scale steel production. The Issuer belongs to a high-technology, engineering group with advanced products in selected areas. The Group's business is based on specialist capabilities and expertise in materials technology. The Group operates in five business areas (see below) focussing on three key product spheres:

- tools for metal cutting and other industrial components produced from cemented carbide, high-speed steel and other hard materials;
- equipment, tools and services for the mining and construction industries; and
- products made of advanced stainless materials, titanium, special alloys, metallic and ceramic resistance materials and process systems.

The Group conducts its business activities in more than 130 countries worldwide. According to its last Annual Report, as at 31 December 2013 the Group had about 47,000 employees and annual sales of approximately SEK 87,328,000,000.

## STRATEGY

### *Overview of strategy*

The Group's business centres on the development, manufacturing, marketing and sale of technologically advanced engineering products and services, including industrial tools, mining and construction equipment and products comprising high-alloy metals. It operates on the basis of a long-term strategy of expansion whilst maintaining a commitment to the quality of its goods and taking into consideration its economic, corporate and environmental responsibility.

### *Sandvik's strengths*

The Issuer believes that the Group's strengths are its:

- leading position in certain segments on a commercial and/or technological basis;
- advanced and broad-based research and development;
- production and/or supply of high value-added products and solutions;
- high share of in-house manufacturing;
- rapid processes – combining robust global procedures with expanded local mandates;
- close collaboration with customers and distinct commercial focus;
- world-class manufacturing and logistics;
- financial strength;

- strengthened sustainability programme, both internally and in relation to customers and suppliers;
- harmonised corporate culture with strong core values and distinct brand as an employer;
- highly developed human resources function designed to support long-term business strategies;
- continuous readiness to invest in new developing areas and to streamline existing operations; and
- organic and acquired growth.

#### *Comprehensive strategy for continued progress*

In 2011 the Group implemented the “One Sandvik to be number one” strategy which increased the Group’s focus on synergies and strategically important, fast growing and profitable markets. This included the reorganisation of the Group’s business sectors through the implementation of a new organisational structure (increasing the number of business areas of the Group from three to five), and the augmentation and streamlining of businesses in accordance with the Group’s focus on strategic sectors including through the acquisition of 100 per cent. of the shares in Seco Tools AB and the divestment of JKB Medical Technologies. The Group has also launched two restructuring programmes targeting SEK 2,000,000,000 in total cost savings and has successfully completed the turnaround of Sandvik Materials Technology (see “Recent Events”). The Group has also improved coordination and utilisation of its resources (Finance, Information Technology (IT), Human Resources (HR), Communications, Indirect Sourcing, Legal and Sustainability) and established a Group Research and Development (R&D) function.

In 2013, the Group continued to grow, introducing new offerings targeting areas outside the premium segment. To this end, Sandvik Machining Solutions relaunched its Dormer Tools product area comprising the Pramet, Dormer and Carboloy brands, and Sandvik Mining introduced new mid-range offerings. The Group also acquired an 80 per cent. stake in Shanghai Jianshe Luqiao Machinery Co. Ltd. (including the Shanbao brand which now forms part of Sandvik Construction) and the remaining 51 per cent. stake in Precorp Inc (resulting in 100 per cent. ownership).

During 2013, the Group worked to develop its strategy in an increasingly competitive market. The Group decided to focus on growth, striving to be a high performing organisation that continuously seeks to improve its offering and create unique added value for customers. A new vision was launched and the Group’s core values were further developed, thereby building on the foundation required to enable the Group to fulfil its growth ambitions. The new vision is based on four values:

- *Customer focus*: the Group aims to provide exceptional products and service in order to meet or exceed customer expectations.
- *Innovation*: the Group promotes innovation throughout its operations.
- *Fair play*: the Group conducts its business in a sustainable and responsible manner.
- *Passion to win*: the Group is passionate about being number one.

The Group’s strategy entails capitalising on its combined strength to improve its growth in strategically important, fast growing and profitable markets. Furthermore the strategy aims to shorten decision making in order to faster adapt to changing market conditions. Capital allocation is more strictly directed towards areas where the returns are high and value is added. The Group also has a model for performance management to secure continued improvements. Alternative structural solutions are evaluated on a regular basis for units that are of lower strategic importance or do not reach acceptable returns.

The Group’s business model is founded on unique knowledge of development and shaping of metals and other materials. The strategy ensures better pre-conditions for every core business to develop and optimises product offering as well as production, distribution and market channels.

#### *Manufacturing and Research and Development*

Conducting its own core operations, such as manufacturing, ensures that the Issuer’s products adhere to the Group’s high and globally standardised performance and quality parameters. The Issuer’s production

organisation is strongly integrated with R&D. This creates favourable conditions for the ongoing development of new products and is a key competitive advantage for the Group.

Comprehensive and goal-oriented R&D is a prerequisite for the Group's growth. R&D activities are customer-focused and projects are managed in close co-operation with the customer. To ensure maximum customer value, the Group's R&D is based on leading, unique technology and active patent work. R&D also enhances manufacturing processes and facilitates more efficient production lines. The Issuer invests more than SEK 3,000,000,000 in R&D and has approximately 2,700 employees working within R&D.

### **Five Business Areas**

In order to create maximum leverage within each core business and to optimise the organisation for growth and profitability including new and smaller adjacent businesses, the operation has been organised into the following five business areas:

#### **Sandvik Mining**

Sandvik Mining is focused on products, solutions and services for high-performing hard rock and soft rock underground and surface mining operations. According to the Group's last Annual Report, as at 31 December 2013 Sandvik Mining had 12,965 employees and an operating profit of approximately SEK 2,743,000,000. Its medium term targets are:

- to maintain a strong growth rate;
- to maintain and strengthen its market position; and
- to increase profitability relative to key peers.

#### **Sandvik Machining Solutions**

Sandvik Machining Solutions offers productivity enhancing products and solutions for advanced industrial metal cutting. According to the Group's last Annual Report, as at 31 December 2013 Sandvik Machining Solutions had 19,055 employees and an operating profit of approximately SEK 5,205,000,000. Its medium term targets are:

- to maintain and strengthen its leading market position;
- to increase growth and profitability; and
- to evaluate opportunities to expand.

#### **Sandvik Materials Technology**

Sandvik Materials Technology offers high value-added advanced metal products designed for niche applications. According to the Group's last Annual Report, as at 31 December 2013 Sandvik Materials Technology had 7,113 employees and an operating profit of approximately SEK 1,270,000,000. Its medium term targets are:

- to achieve higher profitability; and
- to subsequently evaluate alternatives for growth and expansion.

#### **Sandvik Construction**

Sandvik Construction offers high-performing products, solutions and services within selected niches of the global construction industry. According to the Group's last Annual Report, as at 31 December 2013 Sandvik Construction had 3,147 employees and an operating profit of approximately SEK 110,000,000. Its medium term targets are:

- to achieve higher profitability; and
- to subsequently evaluate different alternatives for growth and expansion.

## **Sandvik Venture**

Sandvik Venture is a business area aiming to create the best possible environment for growth and profitability in attractive and fast-growing operations. It will primarily be focussing on product areas with limited connections to other business areas or closely linked to several other business areas.

The different product areas within Sandvik Venture will be evaluated on a regular basis from structural, strategic and value creation aspects. The following product areas are included in Sandvik Venture: Sandvik Process Systems, Sandvik Hyperion and Varel International Energy Services Inc. (**Varel**). According to the Group's last Annual Report, as at 31 December 2013 Sandvik Venture had 2,635 employees and an operating profit of approximately SEK 606,000,000.

## **RECENT EVENTS**

In May 2014, the Issuer acquired 100 per cent. of the shares in Varel for consideration of settlements of loans totalling SEK 2,265,000,000 and a cash payment of 2,834,000,000 (for more detail, see "*Acquisitions and Divestments*" below).

In September 2014, Sandvik Materials Technology announced the divestment of its distribution business in Australia and New Zealand to Vulcan Steel Ltd. The divested operations comprise leading processors and distributors of stainless steel products and other corrosion and wear-resistant products. Annual invoiced sales for the business concerned amount to about SEK 930,000,000, with an operating margin of about 7 per cent. The total number of employees encompassed is 190, of which 125 were employed in Australia and 65 were employed in New Zealand. The divested operations have only a limited connection to the remainder of the business area, with a minor portion of the total sales being derived from the Issuer's own production system. The divestment has no impact on the other Group business areas in these countries. As part of the transaction, a distribution agreement has been put in place between the Issuer and the new owner, to enable continued deliveries of Sandvik Materials Technology products to the region. The closing date of the transaction was 1 October 2014. The positive contribution to cash flow from the divestment amounts to approximately SEK 400,000,000.

## **The third quarter of 2014**

### *Overview*

The global market situation remained relatively unchanged in the third quarter, albeit with variations between markets and segments. Business conditions remained favourable in North America, most notably for Sandvik Machining Solutions. Demand in Europe fluctuated as the weaker market conditions in Russia indirectly impacted other parts of the continent. Global demand from the mining industry remained stable and was on a par with levels observed earlier in the year. However, order intake for large mining systems projects declined due to the timing of orders placed by customers. Order intake for the Group amounted to SEK 21,000,000,000 in comparison with SEK 20,200,000,000 in the third quarter of 2013 and invoiced sales to SEK 22,600,000,000 in comparison with SEK 20,400,000,000 in the third quarter of 2013. Changes in metal prices and currency rates contributed positively to third quarter earnings. The Group's workforce was reduced by 620 people during the quarter for comparable units. Inventory levels were reduced significantly. The Group's cash flow from operations amounted to SEK 3,300,000,000, contributing to a reduction in the net debt/equity ratio to 0.87. The Group's return on capital employed was 11.1 per cent. for the most recent 12-month period in comparison with 14.7 per cent. for the 12-month period before that.

### *Market development and earnings*

Market demand was largely on par with the preceding quarter, taking normal seasonality into consideration. Business conditions deteriorated in parts of Europe. Russia remained impacted by the trade sanctions with the European Union. Uncertainty increased, particularly for the automotive segment and in Germany. Meanwhile, business activity remained high in North America, parts of Asia and in the aerospace industry. The mining industry showed no tangible signs of improvement nor did it weaken further. Order intake for large mining systems projects declined due to timing of orders placed by customers. In total, acquisitions and divestments had a positive effect of 4 per cent. on both order intake and invoiced sales, most of which was related to the acquisition of Varel. Changes in exchange rates were significant, contributing 5 per cent. to both order intake and invoiced sales.

Favourable exchange rates and changes in metal prices contributed positively to earnings. Earnings amounted to SEK 2,500,000,000 for the quarter, or 10.9 per cent. of invoiced sales. Changes in metal prices made a positive contribution to operating profit of SEK 171,000,000. The price of nickel has recently declined and if the decline continues it is expected to adversely affect earnings in the fourth quarter by close to SEK 50,000,000. Changes in exchange rates contributed approximately SEK 80,000,000 to earnings as the SEK depreciated against several major trading currencies. Reversed provisions for incentive programmes contributed positively to earnings. Administrative and selling expenses increased, partly due to changes in exchange rates and acquisitions made. Additionally, Sandvik Machining Solutions increased its sales and marketing efforts. Net financial items amounted to -SEK 461,000,000 in comparison with -SEK 387,000,000 in the third quarter of 2013 and earnings per share totalled SEK 1.17 in comparison with 1.30 for the third quarter of 2013. The guidance for net financial items for 2014 remains at -SEK between 1,800,000,000 and 2,000,000,000. The tax rate for the third quarter of 2014 was 27.2 per cent. in comparison with 23.9 per cent/ for the third quarter of 2013 and the tax guidance for 2014 of 25-27 per cent. remains valid.

#### *Cash flow and balance sheet*

Reduced working capital, primarily as a result of lower inventory levels, resulted in strong cash flow and a strengthened balance sheet. During the quarter, the Group raised a loan in Japan, further diversifying its financing sources.

Total assets increased compared with the preceding quarter. The reason for the increase was the weakening of the SEK against several other trading currencies. This was partly offset by reduced inventory levels. Working capital was reduced and although the reduction was partly due to normal seasonality, it was also the result of planned reductions in stock levels of mining equipment, tools and spare parts in particular. All business areas curtailed purchasing activities, thereby resulting in reduced accounts payable. Accounts receivable declined which – combined with increased advance payments from customers – released additional working capital. Net working capital as a percentage of invoiced sales was 30 per cent., unchanged compared with the preceding quarter but lower than in the year-earlier period when it was 31 per cent.

Capital expenditure (**Capex**) for the third quarter amounted to SEK 1,100,000,000 and SEK 3,100,000,000 for the first nine months of 2014. Investments are expected to increase during the remainder of the year due to normal seasonality. Nevertheless, the Capex guidance issued for 2014 has been lowered and is now expected to be less than SEK 5,000,000,000.

Net debt declined to SEK 33,000,000,000 compared with SEK 35,000,000,000 in the preceding quarter. The decline was attributable to reduced working capital and consistent earnings. Consequently, the net debt/equity ratio decreased to 0.87 compared to 0.96 in the preceding quarter. At the beginning of August, a syndicated loan of JPY 36,000,000,000 (equivalent to approximately SEK 2,400,000,000) was raised from 18 investors in Japan. The loan matures in December 2018 and is in line with the strategy to further diversify the Group's funding sources. The new long-term loan largely replaced maturing bank loans. As a result, interest-bearing debt with short-term maturity decreased further to 11 per cent. of the total debt, down from 16 per cent. in the preceding quarter.

The decrease in working capital combined with earnings contributed significantly to cash flow. Cash flow from operations thus amounted to SEK +3,296,000,000 up from -SEK 2,571,000,000 in the third quarter of 2013. Cash flow for the year-earlier period was impacted by the tax payment related to intellectual property rights.

#### *Sandvik Mining*

During the third quarter of 2014, market demand from mining customers for equipment, rock tools, services and spare parts was stable compared with the preceding quarter, while order intake declined for mining systems due to normal fluctuations in the order pattern. Consequently, order intake at fixed exchange rates declined by 23 per cent. compared with the year-earlier period and by 14 per cent. compared with the preceding quarter, amounting to SEK 5,600,000,000 in comparison with SEK 7,000,000,000 in the third quarter of 2013. However, the decline was related to normal fluctuations in the order pattern for mining systems, and the postponement of certain projects by customers. Invoiced sales amounted to SEK 6,800,000,000 in comparison to SEK 7,000,000,000 in the third quarter of 2013. The

low investment levels in the global mining industry continued, particularly for coal and iron ore. Nevertheless, demand for mining equipment remained stable during the first three quarters of 2014, albeit about 60-70 per cent. below the peak levels of 2012. Demand for rock tools, services and spare parts remained stable compared with the preceding quarter, as mine production rates remained intact.

Operating profit was SEK 614,000,000 or 9 per cent. of invoiced sales in comparison with SEK 858,000,000 or 12.3 per cent. of invoiced sales in the third quarter of 2013. Changes in exchange rates made a positive contribution to earnings of about SEK 20,000,000 compared with the year-earlier period and about SEK 50,000,000 compared with the preceding quarter. Low sales and production rates continued to impact operating profit as a result of the under-utilisation of fixed assets. Inventories were significantly reduced by nearly SEK 600,000,000, resulting in strong cash flow. Provisions for stock obsolescence were not material and bad debt losses were negligible. Return on capital employed for the most recent 12-month period was 8.8 per cent. compared with 29 per cent. in the third quarter of 2013. The workforce was reduced by a further 271 employees from the preceding quarter as the business area continues its efforts to reduce costs. In addition to the effects on the workforce resulting from the ongoing supply chain optimisation programme, further personnel reductions must be balanced to efficiently address a weak business climate without negatively affecting the long-term growth ambitions of Sandvik Mining.

During the quarter, the rock-tools production unit in Krugersdorp, South Africa was closed. The closure formed part of the initial phase of the multi-year programme announced in December 2013 to optimise the business area's global supply chain.

#### *Sandvik Machining Solutions*

Demand for Sandvik Machining Solutions' products improved year-on-year, while remaining largely unchanged compared with the preceding quarter. Business conditions in Europe weakened somewhat, most notably in Germany. The tense situation between Russia and Ukraine affected other parts of the continent. In contrast, demand in the UK remained strong, primarily on account of the continued high level of activity in the aerospace industry. The long-term trend in the aerospace industry is for lighter, more advanced materials in the aircrafts of tomorrow. This development works in favour of Sandvik Machining Solutions, as the aerospace industry represents an increasingly important customer segment. The market situation remained robust in North America, with continued strong demand from the automotive, energy and aerospace industries. Business conditions were mixed in Asia as total order levels remained high but adverse macroeconomic conditions were evident in South America and Brazil in particular. The number of working days had a negligible effect on order intake and invoiced sales. Order intake amounted to SEK 7,711,000,000 up 5 per cent. compared with the year-earlier period at fixed exchange rates for comparable units and invoiced sales totalled SEK 7,658,000,000 compared with SEK 6,922,000,000 in the third quarter of 2013.

Earnings amounted to SEK 1,496,000,000 or 19.5 per cent. of invoiced sales compared with SEK 1,454,000,000 or 21.0 per cent. of invoiced sales in the third quarter of 2013. The slightly lower margin was partly attributable to the earnings contribution from reversed provisions in the year-earlier period. Changes in exchange rates made a positive contribution of about SEK 70,000,000 compared with the year-earlier period, and about SEK 100,000,000 compared with the preceding quarter. Production rates decreased somewhat from the preceding quarter, in line with seasonality, and inventory levels remain in line with current demand. Net working capital in relation to invoiced sales was 25 per cent. compared with 27 per cent/ in the third quarter of 2013 and cash flow was strong. Sales activities and R&D investments were increased to position the business area for future profitable growth. These strategic investments have now reached the targeted level. Return on capital employed for the most recent 12-month period was 27.7 per cent. in comparison with 27.1 per cent. in the third quarter of 2013.

#### *Sandvik Materials Technology*

Market demand for Sandvik Materials Technology remained stable and business conditions remained favourable in the energy sector. During the quarter, a major order was secured for steam generator tubes for the nuclear power industry from a customer in China. The value of the order was approximately SEK 200,000,000. Demand for the standard product range remained challenging, particularly in Europe. Order intake declined in North America due to the timing of order booking in the US. Demand in Asia improved somewhat, with positive development noted in the automotive industry. Order intake amounted to SEK



3,335,000,000 compared with SEK 3,152,000,000 in the third quarter of 2013 and invoiced sales to SEK 3,735,000,000 compared with SEK 3,224,000,000 in the third quarter of 2013.

Earnings continued to be significantly affected by the impact of changes in metal prices. The reported operating margin was 12.9 per cent. in the seasonally weakest quarter of the year. The positive contribution from fluctuations in metal prices, predominately for nickel, was SEK 171,000,000. Adjusted for metal price effects, earnings amounted to SEK 311,000,000 or 8.3 per cent. of invoiced sales in comparison with SEK 265,000,000 or 8.2 per cent. of invoiced sales in the third quarter of 2013. Changes in exchange rates had a positive impact on earnings of SEK 70,000,000 compared with the year-earlier period and of SEK 40,000,000 compared with the preceding quarter. Production rates were maintained somewhat below the level of invoiced sales in accordance with the normal seasonal pattern, which had a slightly adverse effect on earnings. Stock levels of finished goods were higher than normal to maintain delivery accuracy and are expected to be reduced in the forthcoming quarters. Return on capital employed for the most recent 12-month period was 14.1 per cent. compared with 4.3 per cent. in the year-earlier period, or 11.9 per cent. adjusted for metal-price effects.

In September, Sandvik Materials Technology announced the divestment of its distribution business in Australia and New Zealand, with annual invoiced sales of approximately SEK 930,000,000. The divested operations comprise leading processors and distributors of stainless steel products and had only a limited connection to the remainder of the business area, with a minor portion of total sales derived from Sandvik's own production system. The divestment is fully in line with Sandvik Materials Technology's strategy to focus on attractive sectors, such as energy, and exit businesses it considers non-core. The closing date for the transaction was 1 October 2014.

#### *Sandvik Construction*

Market demand remained challenging for Sandvik Construction, albeit with variations across regions and products. Business conditions fluctuated in Europe, with more favourable demand for tunneling equipment, in particular, noted in the northern regions of the continent. Smaller customers in southern Europe continue to face financing difficulties and investment decisions are being postponed. Business conditions improved somewhat in North America. Market activity for crushing equipment in China was stable at a low level, partly due to continued tight government cash control. The weak macroeconomic conditions in South America affected demand for the business area's products and order intake decreased from high levels, particularly in Brazil. Favourable demand for tunnelling and surface drilling equipment was offset by weak demand for crushing and screening equipment as customers postponed investment decisions. Demand for rock tools, consumables and services was largely unchanged as customer production rates remained intact. Order intake amounted to SEK 2,184,000,000 compared with SEK 1,892,000,000 for the year-earlier period and invoiced sales totaled SEK 2,232,000,000 compared with SEK 2,055,000,000, representing increases of 9 per cent. and 2 per cent., respectively, compared with the year-earlier period at fixed exchange rates.

Earnings amounted to SEK 1,000,000 or approximately 0.050 per cent. (rounded to the nearest three decimal place) of invoiced sales compared with SEK 88,000,000, or approximately 4.398 per cent. (rounded to the nearest three decimal place) of invoiced sales in the third quarter of 2013. Operating profit was adversely affected by the low production rates. Fluctuations in exchange rates had a negligible effect on earnings compared with the year-earlier period and the preceding quarter. While low production rates negatively impacted earnings, inventory reductions resulted in a strong cash flow. Measures to align costs with the weak demand and improve the long-term performance of the business area are being continuously implemented. During the quarter, the workforce was reduced by 192 employees from the preceding quarter, representing about 6 per cent. of the total workforce.

#### *Sandvik Venture*

The market situation improved somewhat for all of Sandvik Venture's product areas. Sandvik Process Systems secured several medium-size orders for industrial processing equipment, while Sandvik Hyperion noted strong demand for its consumer-related products, such as rotary cutters and can tooling. Favorable demand from the oil and gas sector, combined with the introduction of new products, resulted in a strong performance by Varel. This was partly offset by weak demand from the mining industry and from Russia. Demand for products from Wolfram was stable, although some customers delayed orders to

reduce inventory levels. Order intake for Sandvik Venture amounted to SEK 2,182,000,000 compared with SEK 1,263,000,000 in the year-earlier period, and invoiced sales to SEK 2,155,000,000 compared with SEK 1,252,000,000 in the year-earlier period. The significant increases are attributable to the acquisition of Varel. Order intake and invoiced sales increased by 11 per cent. and 7 per cent., respectively, at fixed exchange rates for comparable units.

Earnings amounted to SEK 133,000,000 or 6.2 per cent. of the invoiced sales, compared with SEK 199,000,000 or 15.9 per cent. of the invoiced sales in the year-earlier period, including acquisition-related costs and amortisation on fair-value adjustments from the Varel acquisition. Operating profit for Sandvik Process Systems declined somewhat year-on-year partly due to an unfavorable product mix. Sandvik Hyperion and Varel made a significant contribution to earnings, excluding acquisition related costs. Wolfram maintained production rates below the level of sales to reduce inventory levels. Although this had an adverse effect on earnings, it contributed to a strong cash flow for the business area. Changes in exchange rates had a negligible effect on earnings compared with both the year-earlier period and the preceding quarter. Return on capital employed for the most recent 12-month period was 7.8 per cent. compared with 8.5 per cent. for the year-earlier period.

During the third quarter of 2014, a new production line for the leveling of steel belts was inaugurated at Sandvik Process Systems' site in Sandviken, Sweden. The investment provides the product area with leading capabilities to service the high-growth market for steel belts and steel belt-based equipment. In addition, it enables the processing of wider belts – which is a growing market – thereby offering a competitive advantage and further securing the position as a market leader.

#### **PARENT COMPANY**

The Issuer's invoiced sales for the third quarter of 2014 amounted to SEK 12,264,000,000 (compared with SEK 11,866,000,000 for the same period in 2013) and the operating result was -SEK 723,000,000 (compared with -SEK 830,000,000 for the same period in 2013). Income from shares in Group companies consists primarily of dividends and Group contributions from these and amounted to SEK 1,791,000,000 compared with SEK 2,737,000,000 for the year-earlier period. Interest-bearing liabilities, less cash and cash equivalents and interest-bearing assets, amounted to SEK 20,201,000,000 compared with SEK 30,201,000,000 for the year-earlier period. Investments in property, plant and machinery amounted to SEK 886,000,000 compared with SEK 904,000,000 for the year-earlier period.

#### **ACQUISITIONS AND DIVESTMENTS**

On 21 May 2014, the Issuer acquired 100 per cent. of the shares in Varel. The final consideration, following adjustments under the agreement, included settlements of loans totalling SEK 2,265,000,000 and a cash payment of 2,834,000,000. Varel is a global supplier of drilling solutions focusing on drill bits and downhole products for well construction and well completion. The key customer segment can be found in the oil and gas sector, with some exposure to the mining and construction industries. During the period 21 May to 30 September 2014, Varel contributed invoiced sales of SEK 900,000,000 and operating profit of SEK 134,000,000 to the Issuer's results, excluding acquisition-related costs of SEK 79,000,000 and amortisation on fair-value adjustments of SEK 180,000,000. The transaction entailed the acquisition of intangible assets totalling SEK 4,344,000,000, of which SEK 2,416,000,000 was goodwill. The goodwill is based on Varel's growth and profitability prospects. Varel offers the Issuer a strong brand and reputation as well as an extensive presence in the oil and gas sector. The Issuer will be able to increase the competitiveness of Varel by opening up new geographical markets, while also providing financial strength. Additionally, Varel will benefit from the Issuer's extensive R&D capabilities and technical know-how, which will further improve its existing product offering and product development, and introduce new products and service offerings.

No significant divestments were made during the period. The divestment of Sandvik Materials Technology's distribution business in Australia and New Zealand was finalised on 1 October 2014 and will be recorded in the interim report for the fourth quarter of 2014.

### Significant acquisitions during the most recent 18-month period

Business area	Company/unit	Closing date	Annual revenue (SEK '000,000)	No of employees
Sandvik Venture	TechnoPartner Samtronic	1 October 2013	110	35
Sandvik Machining Solutions	Precorp Inc.	1 October 2013	230	200
Sandvik Venture	Varel Intl Energy Services Inc.	21 May 2014	2,300	1,300

### MANAGEMENT

The Board of Directors of the Issuer (the **Board**) has responsibility for the Issuer's organisation and the management of the company's business. The Board continuously monitors the Issuer's and the Group's financial position. The Board ensures that the Issuer's organisation is designed in a way that ensures that the accounts, the management of assets, and the Issuer's financial condition are satisfactorily controlled. The Issuer's President and Chief Executive Officer (**CEO**) is responsible for the daily operations pursuant to guidelines and instructions issued by the Board. The distribution of responsibilities between the Board and the President and CEO is laid down in written terms of reference.

The principal tasks of the Board are to:

- establish the overall objectives for the Issuer's operations and the strategy for reaching those objectives;
- ensure that the Issuer's executive management functions efficiently and is suitably remunerated;
- ensure that the Issuer's external financial reporting is conducted transparently and objectively and gives a fair view of the Issuer's performance, profitability, financial position and risk exposures;
- ensure that there are effective systems for the monitoring and control of the Issuer's operations and financial position in respect of the established goals;
- monitor and evaluate the Issuer's development and advise and support the President and CEO in taking necessary measures;
- ensure that there is adequate control of compliance with laws and regulations governing the Issuer's operations;
- ensure that necessary ethical guidelines are established for the Issuer's behaviour;
- decide on acquisitions, divestments and investments; and
- propose dividends to the annual meeting of shareholders.

The Board is elected at the annual meeting of shareholders and has nine members (**Directors**). The union organisations are entitled to representation on the Board and have appointed two additional ordinary members and two deputies.

#### Members of the Board

*Anders Nyrén*, b. 1954. Chairman of the Board since 2010, Director of the Issuer since 2002, Vice Chairman of the Board 2006–2010. Chairman of the Remuneration Committee and member of the Audit Committee.

*Education and business experience:* BSc (Econ.), MBA. President and CEO of AB Industrivärden since 2001, Executive Vice President and CFO of Skanska AB 1997–2001, various executive positions within AB Wilhelm Becker, STC Scandinavian Trading Co AB, STC Venture AB, OM International AB, Securum AB and Nordbanken 1979–1997.

*Current Board assignments:* Chairman of Svenska Handelsbanken AB, Director of AB Industrivärden, SCA, AB Volvo, Ernström & Co AB, Stockholm School of Economics and Stockholm School of Economics Association.

**Olof Faxander**, b. 1970. Director of the Issuer since 2011.

*Education and business experience:* MSc (Material Science) and BSc (Business Administration). President and CEO of the Issuer since 1 February 2011. President and CEO of SSAB AB 2006–2010, Executive Vice President of Outokumpu Oy 2004–2006.

*Current Board assignments:* None.

**Jürgen M Geissinger**, b. 1959. Director of the Issuer since 2012.

*Education and business experience:* PhD in Mechanical Engineering. President and CEO in Schaeffler AG 1998–2013 and various senior positions at ITT Automotive 1992–1998.

*Current Board assignments:* Director of the Supervisory Board of MTU Aero Engines AG.

**Johan Karlström**, b. 1957. Director of the Issuer since 2011. Member of the Remuneration Committee.

*Education and business experience:* MSc (Eng.), CEO and President of Skanska AB since 2008, various senior positions at BPA (currently Bravida) 1995–2000.

*Current Board assignments:* Director of Skanska AB.

**Hanne de Mora**, b. 1960. Director of the Issuer since 2006. Chairman of the Audit Committee.

*Education and business experience:* BSc (Econ.), MBA, IESE, Barcelona. One of the founders and owners, also Chairman of the Board of the management company a-connect (group) ag since 2002, partner in McKinsey & Company Inc. 1989–2002, various positions within brand management and controlling within Procter & Gamble 1986–1989.

*Current Board assignments:* Director of AB Volvo and IMD Foundation Board.

**Simon Thompson**, b. 1959. Director of the Issuer since 2008. Member of the Audit Committee.

*Education and business experience:* MA (Geology). Various positions with Anglo American Group 1995–2007 including Director of Anglo American plc 2005–2007, Director of AngloGold Ashanti 2004–2008, Chairman of Tarmac 2004–2007, Director of SG Warburg 1994–1995, NM Rothschild & Sons Ltd. 1984–1995.

*Current Board assignments:* Chairman of Tullow Oil plc., Director of Newmont Mining Corporation and AMEC plc.

**Lars Westerberg**, b. 1948. Director of the Issuer since 2010. Member of the Remuneration Committee.

*Education and business experience:* MSc (Eng.) and BSc (Econ.), has been CEO and President of Autoliv Inc. 1999–2007, Gränges AB 1994–1999 and ESAB 1991–1994. Various positions in ESAB and ASEA from 1972.

*Current board assignments:* Chairman of Husqvarna AB, Director of SSAB, AB Volvo, Stena AB and Meda AB.

**Jan Kjellgren**, b. 1952. Director of the Issuer since 2008 (Employee representative).

*Education and business experience:* Senior R&D engineer, AB Sandvik Coromant. Various positions within the Issuer since 1981.

*Current Board assignments:* None.

**Tomas Kärnström**, b. 1966. Director of the Issuer since 2006 (Employee representative).

*Education and business experience:* Principal safety representative Sandvik Materials Technology. Various positions within the Group since 1986.

*Current Board assignments:* None.

#### **Deputy members**

**Thomas Andersson**, b. 1962. Director of the Issuer since 2012 (Employee representative).

*Education and business experience:* Chairman of the Union Committee, Metal Workers' Union, Sandvik Coromant, Gimo. Various operator positions within Gimoverken since 1984. Construction firm Anders Diös 1980–1984.

*Current Board assignments:* None.

**Alicia Espinosa**, b. 1967. Director of the Issuer since 2010 (Employee representative).

*Education and business experience:* MSc (Eng.), Flow Manager at Sandvik Materials Technology. Various positions within the Issuer's Group since 2000, including Flow Manager, Sandvik Materials Technology.

*Current Board assignments:* None.

#### **Honorary Chairman**

**Percy Barnevik**, b. 1941. Chairman of the Board of the Issuer 1983–2002.

#### **Board Secretary**

**Åsa Thunman**, b. 1969. Board Secretary, Executive Vice President and General Counsel of the Issuer since 2014.

*Education and business experience:* Master of Laws (LLM). Securitas Group, 2009–2014, general counsel since 2011. Elekta AB, 1999–2009, several leading positions, including general counsel. Lagerlöf & Leman law firm, 1996–1999.

*Current Board assignments:* None.

The business address for the Members of the Board is currently Kungsbron 1, Uppgång G, Plan 6, Box 510, Stockholm SE-10130, Sweden.

#### **Auditor**

##### **KPMG AB**

*Auditor in charge:* **George Pettersson**, b. 1964. Auditor in charge, Authorised Public Accountant.

*Other auditing assignments:* Auditor in charge at B&B Tools AB, Holmen AB, Hufudstaden AB, LE Lundbergföretagen AB and Skanska AB.

#### **President and the Group Executive Management**

The President and CEO of the Issuer, the Executive Vice President and CFO of the Issuer, the five presidents of each of the five business areas, and four Executive Vice Presidents make up Group Executive Management. Group Executive Management meets every month and deals with the Group's financial development, Group-wide development projects, leadership and competence sourcing, and other strategic issues. The members of Extended Group Executive Management participate at the meetings at which general strategic issues are discussed and additional expertise is required. The Issuer has established seven Group functions responsible for Group-wide activities such as legal affairs,

communication, finance, human resources (**HR**), information technology (**IT**), strategy and sourcing. In addition to Group Executive Management, business areas and Group functions, a number of committees and other coordination and preparatory bodies are commissioned to coordinate Group-wide strategic areas, such as environment, health and safety, research and development, purchasing, IT, finance and HR.

As of the date of this Base Prospectus, the present members of the Group Executive Management include:

**Olof Faxander**, b. 1970. President and CEO of the Issuer since 2011.

*Education and business experience:* MSc (Material Science) and BSc (Business Administration). President and CEO of SSAB 2006–2011, Executive Vice President of Outokumpu Oy 2004–2006.

*Current board assignments:* None.

**Jessica Alm**, b. 1977. Executive Vice President and Head of Group Communications of the Issuer, since 1 July 2013.

*Education and business experience:* MSc in Geological and Earth Sciences/Geosciences and Journalism. Employed at the Group since 2006. Various senior positions, including Vice President Communication and Marketing at Sandvik Coromant 2012–2013 and Internal Communication Manager at Sandvik Coromant 2010–2012.

*Current board assignments:* None.

**Mats Backman**, b. 1968. Chief Financial Officer and Executive Vice President of the Issuer, since 1 July 2013.

*Education and business experience:* BSc in Business Administration and Economics. Various senior positions at the Group since 2007. Outokumpu Oy 2001–2007, Nordea 1999–2001, Boliden 1996–1999.

*Current board assignments:* None.

**Petra Einarsson**, b. 1967. President of the Sandvik Materials Technology business area since 1 February 2013.

*Education and business experience:* BSc in Business Administration and Economics. Employed at the Group since 1990. Various senior positions, including Financial Manager at Sandvik Materials Technology 2004–2007, President of the Strip product area 2007–2011 and President of the Tube product area 2011–2013.

*Current Board assignments:* Board member of the Swedish Association of Industrial Employers, Director of the council of the Swedish Steel Producers' Association, Director of SSAB.

**Dinggui Gao**, b. 1964. President of the Sandvik Construction business area since 1 October 2013.

*Education and business experience:* MBA and BSc in Mechanical Engineering. Various senior positions at Bosch, Eagle Ottawa China, Honeywell Automotive Parts and Sinotruk Hong Kong 1991–2013.

*Current Board assignments:* None.

**Jonas Gustavsson**, b. 1967. President of the Sandvik Machining Solutions business area since 1 February 2013.

*Education and business experience:* MSc (Eng.). Various senior positions in the Group since 2008, including President of the Sandvik Materials Technology business area. Vice President Operations at Rotax 2002–2007, various positions at Bombardier 1997–2002 and ABB 1995–1997.

*Current Board assignments:* Board member of the Steel and Metal Employers Association.

**Tomas Nordahl**, b. 1968. President of the Sandvik Venture business area since 2012 and Head of IT, sourcing and strategy since 2011.

*Education and business experience:* MSc in Business Administration and Economics. Various positions at The Boston Consulting Group 1994–2011.

*Current Board assignments:* None.

**Scot Smith**, b. 1962. President of the Sandvik Mining business area since May 2014.

*Education and business experience:* MBA (International Business). President of the Sulzer Pump Division 2012–2014, Head of the Weir Group’s Minerals Division 2012–2001, senior positions at Schefenacker, Britax Vision Systems, General Motors and the Van Dresser Corporation.

*Current Board assignments:* None.

**Ása Thunman**, b. 1969. Board Secretary, Executive Vice President and General Counsel of the Issuer since 2014

*Education and business experience:* Master of Laws (LL.M). Securitas Group, 2009–2014, general counsel since 2011. Elekta AB, 1999–2009, several leading positions, including general counsel. Lagerlöf & Lemman law firm, 1996–1999.

*Current Board assignments:* None.

**Anna Vikström Persson**, b. 1970. Executive Vice President and Head of Human Resources of the Issuer since 2011.

*Education and business experience:* Master of Laws. Executive Vice President and Head of Human Resources at SSAB 2006–2011. Head of Human Resources for Ericsson’s Swedish operations 2004–2006. Various senior positions in Human Resources and Organisational Development for the Ericsson Group 1998–2006.

*Current Board assignments:* Board member of Know IT.

**Olle Wijk**, b. 1951. Executive Vice President and Head of Group R&D.

*Education and business experience:* Metallurgical engineer. Professor in process metallurgy, KTH Royal Institute of Technology, Stockholm, 1987–1996. Visiting professor at Shanghai University, China. Employed since 1980.

*Current Board assignments:* Chairman of the Council of the Swedish Steel Producers’ Association, board member of The Foundation for Swedish Steel and Metals Research and board member of Swerea.

**ZZ Zhang**, b. 1961. Executive Vice President and Head of Emerging Markets.

*Education and business experience:* MBA, Bachelor of Electronic Engineering. Various senior positions at the Siemens Group 1987–2012, including President Siemens VDO China 1999–2005 and President Nokia Siemens Networks China 2007–2012. Employed since 2012.

*Current Board assignments:* Board member of Georg Fischer AG.

The business address for the Group Executive Management and Extended Group Executive Management is currently Kungsbron 1, Uppgång G, Plan 6, Box 510, Stockholm SE-101 30, Sweden.

## **Committees of the board of directors**

### *Remuneration Committee*

According to the instructions of the Remuneration Committee, the Committee shall undertake the tasks prescribed by the Code (as defined below), which includes preparing proposals to the Board of Directors regarding proposed guidelines for remuneration of and proposed long-term incentive programmes for senior executives. Since the 2013 Annual General Meeting, the members of the Remuneration Committee

have been the Board's Chairman Anders Nyrén (also Chairman of the Remuneration Committee), Johan Karlström and Lars Westerberg.

Based on the recommendations of the Remuneration Committee, the Board of Directors decides the remuneration of and terms of employment for the Issuer's President. The President decides on the remuneration to be paid to the other senior executives following consultation with the Remuneration Committee. During 2013, the Remuneration Committee met on five occasions. Activities of the Remuneration Committee included drafting a proposal for a revised incentive programme for senior executives and key employees for 2014.

#### *Audit Committee*

Since the 2013 Annual General Meeting, the members of the Audit Committee have been Hanne de Mora (Chairman of the Audit Committee), Anders Nyrén and Simon Thompson. In 2013, the Audit Committee held five meetings at which the Issuer's external auditors and representatives of the Issuer's management were present. Areas addressed by the Audit Committee mainly related to:

- financial reporting;
- planning, scope and follow-up of the internal and external audit for the year;
- the Group's systematic processes for risk management, including legal disputes, accounting procedures, taxation, finance operations and pension issues; and
- corporate social responsibility issues.

#### *Nomination Committee*

The Nomination Committee is a preparatory body that prepares proposals for, among other things, the nomination of Board of Directors auditors (where necessary) and fees for adoption at the General Meeting. The 2012 Annual General Meeting adopted an instruction for the Nomination Committee, which included a procedure for appointing the Nomination Committee, valid until a General Meeting resolves on a change. In accordance with this instruction the Nomination Committee should comprise representatives of the four largest shareholders, in terms of the number of votes, on the final business day in August plus the Board Chairman (convener). The Nomination Committee for the Annual General Meeting held on 13 May 2014 consisted of Anders Nyberg, Håkan Sandberg, Kaj Thorén, Tomas Hedberg and Anders Nyrén. Up to the Annual General Meeting on 13 May 2014, the Nomination Committee met on five occasions. Through the Issuer's Board Chairman, the Nomination Committee received information concerning the Board's own evaluation and the Issuer's operations, stage of development and overall status. The Nomination Committee discussed the general criteria that Board members should fulfil, including the independence requirement, reviewed the number of Board assignments that each Board member has in other companies, and addressed the issue of more even gender distribution.

## **CORPORATE GOVERNANCE**

Corporate governance defines roles and responsibilities for shareholders, the Board of Directors and Executive Management. It also covers the Group's control and management system.

Corporate governance within the Issuer is based on applicable legislation, the rules and regulations of the OMX Nordic Exchange in Stockholm, Swedish Code of Corporate Governance Code (the **Code**) and internal guidelines. For additional information on the Swedish Code of Corporate Governance and information on the annual meeting of shareholders, refer to the website of The Swedish Corporate Governance Board, [www.bolagsstyrningskollegiet.se](http://www.bolagsstyrningskollegiet.se). Any content of the website of The Swedish Corporate Governance Board shall not form part of this Base Prospectus.

Anders Nyrén is the president of Industrivärden. Anders Nyrén is thus not independent in relation to major shareholders as defined in the Code. Furthermore, Olof Faxander, as President and CEO of the Issuer, is not independent in relation to the Issuer and the Group Executive Management. The remaining seven members are all independent in relation to the Issuer, Group Executive Management and major shareholders. Accordingly, the composition of the Board of Directors complies with the requirements of the Code that the majority of the members elected by the General Meeting be independent in relation to



the Issuer and its executive management and that a minimum of two of those members that are independent in relation to the Issuer and its executive management are also to be independent in relation to the Issuer's major shareholders.

There are no potential conflicts of interest between the duties to the Issuer of the persons who are listed under Members of the Board and President and Group Executive Management above and their private interests or other duties.

Matters may come before the Board of Directors as to which one or more members of the Board of Directors has a potential conflict of interest. If such a matter arises, any member of the Board of Directors with a potential conflict of interest will not participate in the discussion or voting with respect to such matter in accordance with the rules and regulations of the Code.

## **MAJOR SHAREHOLDINGS**

The Issuer is listed on the NASDAQ OMX Stock Exchange in Stockholm and is one of the Exchange's oldest companies. The Issuer shares can also be traded in the US in the form of American Depositary Receipts. The Swedish Financial Supervisory Authority (the **Finansinspektionen**) maintains a public register of senior executives in listed companies, and publishes changes in their shareholdings on a daily basis.

The Issuer's authorised and issued share capital is SEK 1,505,263,107.60 and consists of 1,254,385,923 shares. Each share carries one vote. As at 31 December 2013 the Issuer's ten largest shareholders held 39.2 per cent. of the total number of shares. They are as follows: AB Industrivärden (11.6 per cent.), Alecta Pension Insurance (4.5 per cent.), Handelsbanken's Pension Foundation (3.8 per cent.), Swedbank Robur Funds (3.4 per cent.), JPM Chase (administrates shares held in trust) (3.1 per cent.), AMF - insurance and funds (3.0 per cent.), SSB CL Omnibus (administrates shares held in trust) (2.8 per cent.), Nordea Investment Funds (2.6 per cent.), LE Lundbergföretagen AB (2.4 per cent.), Göranssonska Foundations (2.0 per cent.).

As far as the Issuer is aware no shareholders agreement exists between above shareholders.

## **SELECTED FINANCIAL INFORMATION OF THE ISSUER**

The information set out in this Base Prospectus shall be read in conjunction with the Issuer's audited financial statements for 2013 and 2012 and the consolidated unaudited interim financial statements for the nine months ended 30 September 2014.

## **STATEMENT OF COMPLIANCE**

The Issuer's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (**IFRS**) adopted by the International Accounting Standards Board (**IASB**), as endorsed by the EU. In addition, the standard RFR 1 Supplementary Accounting Rules for Groups accounts, issued by the Swedish Financial Reporting Board has been applied. The financial statements are presented on pages 71 to 82 of the Annual Report of 2013 and pages 48 to 102 of the Annual Report for 2012.

The quarterly financial statements are prepared under IFRS and are unaudited.

## TAXATION

The following is a general description of certain EU tax considerations relating to the Notes and also certain Swedish tax considerations relating to the holders of the Notes. This summary is based upon the laws as currently in effect on the date of this Base Prospectus (i.e. the laws of the Kingdom of Sweden in respect of the section on Swedish taxation) and is subject to any change in law that may take effect after such date. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere, and is neither intended to be nor should be construed as legal or tax advice. The section on Swedish taxation does not, amongst others, address situations where Notes are held in an investment saving account (Sw. *investeringssparkonto*) or the rules regarding reporting obligations for, among others, payers of interest. Further, the summary does not address credit of foreign taxes. Prospective purchasers of Notes should consult their own professional tax advisers as to which countries' tax laws could be relevant in their particular circumstances in relation to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries (including the applicability and effect of tax treaties for the avoidance of double taxation).

### EU Savings Tax Directive

Under Council Directive 2003/48/EC on the taxation of savings income (the **Savings Directive**), each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State. However, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at a rate of 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-European Union countries to the exchange of information relating to such payments. Luxembourg has announced that it will no longer apply the withholding tax system as from 1 January 2015 and will provide details of payments of interest (or similar income) as from this date.

A number of non-European Union countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or, certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The Council of the European Union formally adopted a Council Directive amending the Savings Directive on 24 March 2014 (the **Amending Directive**). The Amending Directive broadens the scope of the requirements described above. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive and are required to apply the requirement from 1 January 2017. The changes made under the Amending Directive include extending the scope of the Savings Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest.

Investors who are in any doubt as to their position should consult their professional advisers.

### Swedish Taxation

#### *Holders not resident in the Kingdom of Sweden*

Payments of any principal amount or any amount that is considered to be interest for Swedish tax purposes to the holder of any Notes should not be subject to Swedish income tax, *provided that* such a holder is not resident in the Kingdom of Sweden for Swedish tax purposes and *provided that* such a holder does not have a permanent establishment in the Kingdom of Sweden to which the Notes are effectively connected.

However, and somewhat simplified, *provided that* the value of or return on the Notes is related to securities taxed as shares, private individuals who have been residents of the Kingdom of Sweden or have

had their habitual abode in the Kingdom of Sweden at any time during the calendar year of disposal or redemption or the ten calendar years preceding the year of disposal or redemption are liable for capital gains taxation in the Kingdom of Sweden upon disposal or redemption of such Notes. In a number of cases though, the applicability of this rule is limited by the applicable treaty for the avoidance of double taxation.

Swedish withholding tax, or Swedish tax deduction, is not imposed on payments of any principal amount or any amount that is considered to be interest for Swedish tax purposes, except for certain payments of interest (and other returns on Notes) to a private individual (or an estate of a deceased individual) with residence in the Kingdom of Sweden for Swedish tax purposes (see “*Holders resident in the Kingdom of Sweden*” below).

#### ***Holders resident in the Kingdom of Sweden***

Generally, for Swedish corporations and private individuals (and estates of deceased individuals) with residence in the Kingdom of Sweden for Swedish tax purposes, all capital income (e.g. income that is considered to be interest for Swedish tax purposes and capital gains on Notes) will be taxable. Specific tax consequences may, however, be applicable to certain categories of corporations, e.g. life insurance companies. Further, specific tax consequences may be applicable if, and to the extent that, a holder of Notes realises a capital loss on the Notes and to any currency exchange gains or losses.

If amounts that are considered to be interest for Swedish tax purposes are paid by Euroclear Sweden or by another legal entity domiciled in the Kingdom of Sweden, including a Swedish branch, to a private individual (or an estate of a deceased individual) with residence in the Kingdom of Sweden for Swedish tax purposes, Swedish preliminary taxes are normally withheld by Euroclear Sweden or the legal entity on such payments. Swedish preliminary taxes should normally also be withheld on other returns on Notes (but not capital gains), if such returns are paid out together with such a payment of interest referred to above.

#### **US Foreign Account Tax Compliance Withholding**

Sections 1471 through 1474 of FATCA impose a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to (a) any non-US financial institution (a “foreign financial institution”, or **FFI** (as defined by FATCA)) that does not become a participating FFI (**Participating FFI**) by entering into an agreement with the US Internal Revenue Service (**IRS**) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (b) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a US person or should otherwise be treated as holding a “United States Account” of the Issuer (a **Recalcitrant Holder**). The Issuer may be classified as an FFI.

The new withholding regime will be phased in beginning 1 July 2014 for payments from sources within the United States and will apply to **foreign passthru payments** (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any Notes characterised as debt (or which are not otherwise characterized as equity and have a fixed term) for US federal tax purposes that are issued on or after the **grandfathering date**, which is the date that is six months after the date on which final US Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified on or after the grandfathering date and (ii) any Notes characterised as equity or which do not have a fixed term for US federal tax purposes, whenever issued. If Notes are issued before the grandfathering date, and additional Notes of the same series are issued on or after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an **IGA**). Pursuant to FATCA and the “Model 1” and “Model 2” IGAs released by the United States, an FFI in an IGA signatory country could be treated as a “Reporting FI” not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being **FATCA Withholding**) from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the

IRS. The United States and Sweden have entered into an agreement (**US-Sweden IGA**) based largely on the Model 1 IGA.

If the Issuer is treated as a Reporting FI pursuant to the US-Sweden IGA it does not anticipate that it will be obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from the payments it makes.

Whilst the Notes are in global form and held within the ICSDs, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent and the common depositary or common safekeeper, given that each of the entities in the payment chain beginning with the Issuer and ending with the participants in the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive Notes will only be printed in remote circumstances.

**FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.**

#### **The proposed financial transactions tax (FTT)**

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating **Member States**).

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

A joint statement issued in May 2014 by ten of the eleven participating Member States indicated an intention to implement the FTT progressively, such that it would initially apply to shares and certain derivatives, with this initial implementation occurring by 1 January 2016. Were the FTT to be initially implemented on this basis, it may not apply to dealings in the Notes.

The scope of a common FTT proposal remains subject to negotiation between the participating Member States and therefore the form of the FTT that is implemented by those Member States may change from that set out in the Commission's Proposals. Additional EU Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

## SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of the Dealers. The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, the Dealers are set out in an amended and restated Dealer Agreement dated 19 December 2014 (the **Dealer Agreement**) and made between the Issuer and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

### ***Selling Restrictions***

**United States of America:** *Regulation S Category 2; TEFRA D or TEFRA C as specified in the relevant Final Terms or neither if TEFRA is specified as not applicable in the relevant Final Terms.*

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the US or to, or for the account or benefit of, US persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

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

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver the Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Fiscal Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Fiscal Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, US persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the US or to, or for the account or benefit of, US persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the US by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### **Public Offer Selling Restrictions under the Prospectus Directive**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it had not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto (or would be the subject of the offering contemplated by a Drawdown Prospectus, as the case may be) to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) **Approved prospectus:** if the Final Terms or Drawdown Prospectus in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a **Non-exempt Offer**) following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where

appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus which is not a Drawdown Prospectus has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Final Terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

- (b) Qualified investors: at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) Fewer than 100 offerees: at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) Other exempt offers: at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC as amended, including by Directive 2010/73/EU and includes any relevant implementing measure in the Relevant Member State.

#### **Selling Restrictions Addressing Additional United Kingdom Securities Laws**

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

- (a) **No deposit-taking:** 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:
    - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
    - (B) 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 FSMA by the Issuer;

- (b) **Financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any 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) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### **Selling Restrictions Addressing Additional Kingdom of Sweden Securities Laws**

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it will not, directly or indirectly, offer for subscription or purchase or issue invitations to subscribe for or buy Notes or distribute any draft or definite document in relation to any such offer, invitation or sale in the Kingdom of Sweden except in circumstances that will not result in a requirement to prepare a prospectus pursuant to the provisions of the Swedish Financial Instruments Trading Act (*lagen* (1991:980), *om handel med finansiella instrument*).

### **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, accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and 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 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 other relevant laws, regulations and ministerial guidelines of Japan.

### **Hong Kong**

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

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a “structured product” as defined in the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the **SFO**) other than (i) to “professional investors” as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a “prospectus”, as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong) (the **Companies Ordinance**) or which do not constitute an offer to the public within the meaning of the Companies Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors”, as defined in the SFO and any rules made under the SFO.

### **People’s Republic of China**

The Notes may not be offered or sold directly or indirectly within the borders of the PRC (which, for such purposes, does not include the Hong Kong or Macau Special Administrative Regions or Taiwan province). This Base Prospectus or the information contained herein has not been approved by or registered with any relevant governmental authorities in the PRC and may not be offered for sale in the PRC. Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has not made, and will not make, any offers, promotions, or solicitations for sales of or for, as the case may be, any Notes in the PRC, except where permitted by competent authorities or where the activity otherwise is permitted under the PRC law. PRC investors are responsible for obtaining all relevant government regulatory approvals/licences (if any) by themselves, including, but not limited to, any which may be required from the State

Administration of Foreign Exchange and other competent regulatory authorities and complying with all relevant PRC regulations (if applicable), including, but not limited to, any relevant foreign exchange regulations and/or overseas investment regulations.

## **Singapore**

Each Dealer has acknowledged that this Base Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act (Chapter 289 of Singapore) (the SFA). Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined under section 4A of the SFA) under section 274 of the SFA, (ii) to a relevant person (as defined in section 275(2) of the SFA) pursuant to section 275(1) of the SFA, or any person pursuant to section 275(1A) of the SFA, and in accordance with the conditions specified in section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under section 275 of the SFA except:

- i. to an institutional investor or to a relevant person defined in section 275(2) of the SFA, or to any person arising from an offer referred to in section 275(1A) or section 276(4)(i)(B) of the SFA; or
- ii. where no consideration is or will be given for the transfer; or
- iii. where the transfer is by operation of law; or
- iv. pursuant to section 276(7) of the SFA; or
- v. as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

## **General**

Each Dealer has severally represented, warranted and undertaken, and each further Dealer appointed under the Programme will be required to severally represent, warrant and agree, to the Issuer that it has complied and will comply to the best of its knowledge and belief in all material respects with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Prospectus or any Final Terms or any related offering material, in all cases at its own expense unless agreed otherwise. Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.



The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "*General*" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the Relevant Agreement (as defined in the Dealer Agreement) or, in the case of Exempt Notes, in the Relevant Agreement or in the relevant Pricing Supplement (in each case, where the supplement or modification relates only to a particular Tranche of Notes) or in a supplement to this Base Prospectus.

## GENERAL INFORMATION

### Authorisation

1. The establishment of the Programme was authorised by resolutions of the board of directors of the Issuer passed on 28 and 29 October 2008 and 17 December 2012. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes and the update of this Base Prospectus.

### Legal and Arbitration Proceedings

2. There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Base Prospectus, a significant effect on the financial position or profitability of the Issuer and/or its Subsidiaries.

### Significant/Material Change

3. Since 31 December 2013 there has been no material adverse change in the prospects of the Issuer and since 30 September 2014 there has not been any significant change in the financial or trading position of the Issuer and its Subsidiaries.

### Auditors

4. The consolidated and unconsolidated financial statements of the Issuer have been audited without qualification for the years ended 31 December 2013 and 31 December 2012 by KPMG, of Telgelbacken 4A, Box 16106, 103 23 Stockholm, Sweden, chartered accountants, who have given and have not withdrawn, their consent to the inclusion of their report in this Base Prospectus in the form and context in which it is included. KPMG is a member of the Institute of Chartered Accountants for England and Wales.

### Documents on Display

5. Copies of the following documents (together with English translations thereof) may be inspected during normal business hours at the offices of the Fiscal Agent at the Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom for 12 months from the date of this Base Prospectus:
  - (a) the constitutive documents of the Issuer;
  - (b) the audited consolidated and unconsolidated financial statements of the Issuer for the years ended 31 December 2013 and 31 December 2012 and the unaudited consolidated and unconsolidated financial statements of the Issuer for the nine months ended 30 September 2014;
  - (c) the Agency Agreement;
  - (d) the Deed of Covenant;
  - (e) the Dealer Agreement;
  - (f) the Programme Manual (which contains the forms of the Notes in global and definitive form); and
  - (g) the Issuer - ICSDs Agreement (which is entered into between the Issuer and Euroclear and/or Clearstream, Luxembourg with respect to the settlement in Euroclear and/or Clearstream, Luxembourg of Notes in NGN and NSS forms).

### **Clearing of the Notes**

6. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg or, in the case of Swedish Registered Notes, Euroclear Sweden. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Tranche will be specified in the relevant Final Terms. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

## PRINCIPAL OFFICE OF THE ISSUER

**Sandvik AB (publ)**  
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Stockholm SE-101 30  
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## DEALERS

**Barclays Bank PLC**  
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London E14 4BB  
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**Citigroup Global Markets Limited**  
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United Kingdom

**Commonwealth Bank of Australia**  
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London EC4V 4HA  
United Kingdom

**Danske Bank A/S**  
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**Deutsche Bank AG, London Branch**  
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**Goldman Sachs International**  
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**HSBC Bank plc**  
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**J.P. Morgan Securities plc**  
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Canary Wharf  
London E14 5JP

**Mitsubishi UFJ Securities International plc**  
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**Nordea Bank Danmark A/S**  
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**Standard Chartered Bank**  
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**Svenska Handelsbanken AB (publ)**  
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**Swedbank AB (publ)**  
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**The Royal Bank of Scotland plc**  
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United Kingdom

## FISCAL AGENT

**Citibank N.A., London Branch**  
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Canada Square  
Canary Wharf

London E14 5LB  
United Kingdom

**REGISTRAR**

**Citibank N.A., London Branch**

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Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**PAYING AGENT**

**Citibank N.A., London Branch**

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**TRANSFER AGENT**

**Citibank N.A., London Branch**

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United Kingdom

**LEGAL ADVISERS**

*To the Issuer as to English law:*

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*To the Dealers as to English law:*

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*To the Dealers as to Swedish law:*

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**AUDITORS TO THE ISSUER**

**KPMG AB**

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