



FERRONORDIC machines

Prospectus regarding listing of bonds

SEK 400,000,000

12%

2011/2014

Joint Lead Arrangers

ABG SUNDAL COLLIER



Important information

This prospectus (the “**Prospectus**”) has been prepared by Ferronordic Machines AB (the “**Company**”) in relation to the application for listing of the Company’s SEK 400,000,000 12% Bonds 2011/2014 (the “**Bonds**”) at the corporate bond list on NASDAQ OMX Stockholm (“**Nasdaq OMX Stockholm**”). References to “**Ferronordic**” or the “**Group**” refer in this Prospectus to Ferronordic Machines AB and its subsidiaries, unless otherwise indicated by the context. References to the Company only refer to the parent company Ferronordic Machines AB. ABG Sundal Collier AB (“**ABGSC**”) and Carnegie Investment Bank AB (publ) (“**Carnegie**”) have acted as financial advisors to the Company in connection with the issue of the Bonds.

The Prospectus has been prepared in accordance with the rules and regulations in the Swedish Financial Instruments Trading Act (Sw. lag (1991:980) om handel med finansiella instrument) and Commission Regulation (EC) no 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council. The Prospectus has been approved by and registered with the Swedish Financial Supervisory Authority in accordance with the provisions in Chapter 2, Section 25 and 26 of the Swedish Financial Instruments Trading Act. It should be noted that such approval and such registration does not constitute any guarantee from the Swedish Financial Supervisory Authority that the information in the Prospectus is accurate or complete.

This Prospectus is not an offer for sale or a solicitation of an offer to purchase the Bonds in any jurisdiction. It has been prepared solely for the purpose of listing the Bonds at the corporate bond list on Nasdaq OMX Stockholm.

This Prospectus may not be distributed in any country other than Sweden where such distribution or disposal requires additional prospectus, registration or additional measures or is contrary to the rules and regulations in such country. Persons into whose possession this Prospectus comes or persons who acquire the Bonds are therefore required to inform themselves about, and to observe, such restrictions.

The Prospectus will be available at the Swedish Financial Supervisory Authority’s web site (www.fi.se) and the Company’s web site (www.ferronordic.ru). Paper copies may be obtained from the Company.

Unless otherwise explicitly stated, no information contained in this Prospectus has been audited or reviewed by auditors. Certain financial information in this Prospectus has been rounded off and, as a result, the numerical figures shown as totals in this Prospectus may vary slightly from the exact arithmetic aggregation of the figures that precede them. Unless otherwise specified or unless the context otherwise requires “SEK” refers to Swedish kronor, “EUR” refers to Euro and “RUB” refers to Russian rubles.

To the extent this Prospectus contains forward-looking statements and assumptions regarding future market conditions, operations and results, the statements can be included in several sections and include statements concerning the Company’s current intentions, assessments and expectations. The words “consider”, “intends”, “deems”, “expects”, “anticipates”, “plans” and similar expressions indicate some of these forward-looking statements. Other such statements may be identified from the context. Although the Company believes that the forecasts of, or indications of, future results, performance and achievements are based on reasonable assumptions and expectations, the Company cannot guarantee the materialization of these forecasts. Actual events and financial outcomes may differ significantly from what is described in such statements as a result of risks and other factors affecting the Company’s operations. Such factors of a significant nature are mentioned in the section “Risk Factors”.

The Prospectus shall be read together with all documents which have been incorporated by reference (see Section “Documents incorporated by reference” below) and possible supplements to the Prospectus.

The Prospectus is governed by Swedish law. Disputes concerning, or related to, the contents of this Prospectus shall be the exclusive jurisdiction of the courts of Sweden. The district court of Stockholm (Sw: Stockholms tingsrätt) shall be the court of first instance.

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The Bonds in brief

This Section contains a general and broad description of the Bonds and is not a comprehensive description of the Bonds. Potential investors should therefore carefully consider the Prospectus as a whole, including documents incorporated by reference, before a decision is made to invest in the Bonds. The full terms for the Bonds can be found in the Section "Terms and Conditions for the Bonds".

Concepts and terms defined in the Section "Terms and Conditions for the Bonds" or anywhere else in the Prospectus are used with the same meaning in the summary unless otherwise is explicitly understood from the context.

Issuer:	Ferronordic Machines AB, corp. reg. no. 556748-7953.
Business description:	Ferronordic's operations entails distribution and sale of equipment and machinery of Volvo Construction Equipment ("VCE"), sale of used equipment, sale of other brand equipment, sale of parts and providing of services and technical support to customers in the Russian market. The Group is the exclusive VCE dealer in Russia with offerings within the following industries: Road construction; General construction; Oil and gas; Mining and Forestry. The network of sales and service outlets amounted to 53 outlets as of year-end 2011. In addition to the sale of VCE equipment, the Group seeks to leverage its distribution network by selling adjacent product categories from additional brands. The Group seeks to be the regional importer and dealer in Russia offering distribution and service functions. A selection of additional brands added to the portfolio includes: Logset; Holms; Log Max; Volvo Trucks; and Volvo Penta.
The Bonds:	The Company's payment obligations according to the terms and conditions for the Bonds are unconditional, unprioritised and not subordinated.
ISIN-code and short code:	ISIN: SE0004020766. Short code: FNMO 101 O2.
Registration at Nasdaq OMX Stockholm:	Application for registration of the Bonds at Nasdaq OMX Stockholm will be submitted in conjunction with the Swedish Supervisory Authority's approval of this Prospectus. The Company has been granted an exception from the requirement to submit its annual accounts for the last three financial years by Nasdaq OMX Stockholm.
Loan amount:	The aggregate amount of the bond loan is an amount of SEK 400,000,000.
Issue date:	28 June 2011.
Nominal value and round lot:	The bond loan is represented by Bonds, each of a nominal amount of SEK 1,000,000, which is also the minimum round lot.
Interest rate:	The Bonds carry a fixed interest rate of 12.00 per cent per annum.
Interest payment date:	Interest will be paid on the following dates: 28 June 2012, 28 June 2013 and 28 June 2014 (reserved for eventual adjustments in accordance to paragraphs 8; 9; and 11 in the terms and conditions for the Bonds).

Early redemption by the Company:	All Bonds, but not only some, can be redeemed early at the option of the Company. The Bonds shall be redeemed at an early redemption amount (in addition to accrued interest, if any) equal to: ◇ 105.00 per cent of the Nominal Amount during the period from the first anniversary of the Issue Date up to and including the second anniversary of the Issue Date; and ◇ 102.00 per cent of the Nominal Amount during the period from the second anniversary of the Issue Date up to and including the day before the Redemption Date.
Early redemption on the occasion of change of control:	Upon the event of a change of control each Bondholder has the right to call for an early redemption of relevant holder's all Bonds in their entirety. The Bonds shall be redeemed at the Nominal Amount of the relevant Bonds together with accrued interest.
Undertakings:	The Company has, among other, undertaken to procure that as long as any Bond is outstanding: ◇ Not to incur additional financial indebtedness resulting in Net Debt to EBITDA exceeding 5.0x from and including 1 January 2012 until and including 30 December 2012; ◇ Ensure that Net Debt to EBITDA ratio does not exceed 4.0x during the period from and including 31 December 2012 until the redemption date; and ◇ Not to make any distribution to shareholders before an IPO of the Company, or after an IPO if such distribution results in the Group having less than SEK 400,000,000 of total shareholders' equity. For a full review of all undertakings in conjunction with the Bonds and definition of above mentioned undertakings, see paragraph 10 in the terms and conditions for the Bonds.
Credit risk rating:	Neither the Company nor the Bonds have been assigned an official credit rating from a Credit rating agency or similar.
Euroclear registration:	The Bonds are affiliated to Euroclear Sweden AB's, corp. reg. no. 556112-8074, Box 191, 101 23 Stockholm, ("Euroclear") account-based system, why no physical notes have been, or will be, issued. Clearing and settlement relating to the Bonds are carried out within Euroclear's book-entry system as well as payment of interest and repayment of the principal. Payment of principal and interest as well as, if applicable, withholding of preliminary tax will be made by Euroclear.
Agent	CorpNordic Sweden AB is acting as Agent in relation to the Bonds.
Issuing agent	Carnegie Investment Bank AB (publ).
Governing law and jurisdiction	The Bonds shall be governed by and construed in accordance with the laws of the Kingdom of Sweden. Any dispute or claim arising in relation to the Bonds shall be determined by Swedish courts and the District Court of Stockholm shall be the court of first instance.
Risk factors:	Risks related to the Group Emerging market risk Risk relating to the current macroeconomic environment Political and social risk Russian legal system and Russian legislation Corporate governance Limited financial history Integral agreements Construction and industrial sector

Weather dependency
Key employees
Operational risk
Price risk
Insurance risk in Russia
Exposure to currency risks
Liquidity risk
Risk of funding
Counterparty risk
Credit rate risk

Risks relating to the Bonds

Credit risks
Majority decisions by the bondholders
Interest rate risks
Liquidity risks
Risks relating to the clearing and settlement in Euroclear's book-entry system
Additional debt and status of the bond
Amended or new legislation
Risks related to early redemption

Risk factors

All investments in bonds involve a degree of risk. The financial performance of Ferronordic and the risks associated with Ferronordic's business are important when making a decision on whether to invest in the Bonds. A number of factors influence and could influence Ferronordic's operations and financial performance and ultimately the Company's ability to make interest payments and payments of principal on maturity. In this Section a number of risk factors are illustrated and discussed, both general risks pertaining to Ferronordic's operations and material risks related to the Bonds as a financial instrument. The Section aims at describing the risks associated with Ferronordic's operations and by that also the Company's ability to fulfil its obligations according to the terms and conditions for the Bonds. The risk factors below are not ranked in order of importance and no claim is being made that the list is exhaustive.

Potential investors should carefully consider the risk factors below and other information in this Prospectus before deciding on making an investment in the Bonds. An investor must, in addition, alone or together with financial and/or other advisors, consider the general business prospects, other information in the Prospectus and general information about the applicable market and companies active on that market, based on their personal circumstances. An investor should possess sufficient knowledge to assess the risk factors and sufficient financial strength to bear those risks.

Additional risk factors that are not currently known or not currently considered to be material may also affect Ferronordic's future operations, performance and financial position, and consequently the Company's ability to meet its obligations under the terms and conditions for the Bonds.

Risks related to the Group

Emerging market risk

Prospective investors should exercise particular care in evaluating the risks involved with investing in emerging markets and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investments in emerging markets are suitable only for sophisticated investors who are familiar with and fully appreciate the significance of the risks involved in investing in emerging markets. Investors should be aware that emerging markets such as in Russia are subject to greater risk than more developed markets, including in some cases significant economic, political and social, and legal and legislative risks. Investors should also note that emerging economies are subject to rapid change and that the information set forth herein may become outdated relatively quickly.

Risk relating to the current macroeconomic environment

The global financing turmoil has significantly affected the markets in which the Group operates and there continues to be uncertainty regarding the access to capital and cost of capital for the Group and its counterparties. If the Group requires further financing, such financing may involve restrictions on investment and operating activities. There can be no assurance that such funding required by the Group will be made available to it and, if such funding is available, that it will be offered on reasonable terms. If the Group is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, which may have an adverse impact on the Group's business, financial condition and results of operations.

The general economic conditions in markets in which Ferronordic do business can impact the demand for the Group's products. The construction industry in the Group's geographical areas has experienced a prolonged economic down cycle as a result of the macroeconomic environment, which negatively impacted sales of construction equipment. There can be no assurance as to the future performance of the geographical areas in which the Group operates or the timing or severity of changes in economic conditions. A reduced demand for Ferronordic's construction equipment could negatively affect the Group's financial condition, results of operations and cash flow.

The demand for Ferronordic's products is affected by the general economic climate. The market in which the Group competes has been subject to volatility in demand corresponding to cycles in the overall business and economic environment in general and in the industrial, mining and construction sectors in particular. Inflation, unemployment and GDP growth are directly linked to the economic framework for each country and any variation thereof and the economic environment in general may create chain reactions in all areas, thereby affecting the Group. There can be no assurance as

to the future performance of the markets in which the Group operates or the timing or severity of changes in economic conditions affecting the Group.

Political and social risk

Laws and regulations affecting businesses operating in Russia are subject to rapid changes and the Group's assets and operations could be at risk in the event of negative changes in the political and business environment. These risks entail in particular expropriation, nationalisation, confiscation of assets and legislative changes relating to the level of foreign ownership. Such instability may in some cases have an adverse impact on the Group's business, financial condition and results of operations.

Russian legal system and Russian legislation

The Russian Federation is still developing the legal framework required to support a market economy. Many commercial laws and regulations in Russia are relatively new and have been subject to discretionary interpretation. As a result, their application can be unpredictable. The Group's business is subject to federal laws and decrees, as well as orders and regulations issued by the Russian President, the Government, the federal ministries and the Central Bank of Russia, which are, in turn, complemented by regional and local rules and regulations. Inconsistencies between the federal laws, decrees, orders and regulations issued by the Russian President, the Government and federal ministries and regional and local laws, rules and regulations create juridical uncertainties. The legal framework relating to the ownership of and use of land and other real estate in Russia is not yet sufficiently developed to support private ownership of land and other real estate to the same extent as is common in some of the more-developed market economies of Europe and North America. In addition, judicial precedents generally have no binding effect on subsequent decisions. Not all legislation and court decisions are readily available to the public or organized in a manner that facilitates understanding. Enforcement of court orders can in practice be very difficult. All of these factors make judicial decisions difficult to predict and effective redress uncertain. Additionally, court claims and governmental prosecutions may be used in furtherance of what some perceive to be political aims. The Russian legal system may therefore have an adverse impact on the Group's business, financial condition and results of operations.

Financial groups seeking to obtain control through economic or political influence

Well-funded, well-connected financial groups and so-called "oligarchs" have, from time to time, sought to obtain operational control and/or controlling or minority interests in attractive businesses in Russia by means that have been perceived as relying on economic or political influence or government connections. Ferronordic may be subject to such efforts in the future and, depending on the political influence of the parties involved, the Group's ability to prevent such efforts may be limited.

Russian banking and financial system

Russia's banking and other financial systems are less well developed and regulated than in some more developed markets, and Russian legislation relating to banks and bank accounts is subject to varying interpretations and inconsistent application. Russian banks generally do not meet international banking standards, and the transparency of the Russian banking sector lags behind international norms. As a result, the Russian banking sector remains subject to periodic instability. Another banking crisis, or the bankruptcy or insolvency of banks through which Ferronordic receive or which the Group hold funds, may result in the loss of Ferronordic's deposits or adversely affect the Group's ability to complete banking transactions in Russia, which could have an adverse impact on the Group's business, financial condition and results of operations.

Russian Tax System

There have been significant changes to the Russian taxation system in recent years as the authorities have gradually replaced legislation regulating the application of major taxes such as corporate income tax, VAT, corporate property tax and other taxes with new chapters of the Russian tax code. Russian tax authorities have also been aggressive in their interpretation of tax laws and their many ambiguities, as well as in their enforcement and collection activities. Technical violations of contradictory laws and regulations, many of which are relatively new and have not been subject to extensive application or interpretation, can lead to penalties. Many companies must negotiate their tax bills with tax inspectors who may demand higher taxes than applicable law appears to provide. Ferronordic's tax liability may become greater than the estimated amount that have been expensed to date and paid or accrued on the balance sheets. Any additional tax liability, as well as any unforeseen changes in Russian tax laws, could have an adverse impact on the Group's business, financial condition and results of operations.

Corporate governance

There are deficiencies in the legislation on and procedures for corporate governance in Russia, and the concept of fiduciary duties remains undeveloped. This, together with deficiencies in judicial enforcement and corporate legislation may lead to breaches of fiduciary duties and violations by directors of Group companies, which may have an adverse impact on the Group's business, financial condition and results of operations.

Limited financial history

The Company is recently formed with very limited notable financial and operational history upon which investors may conjecture on the Company's future performance. The Company's business was previously conducted by AB Volvo within the Volvo Construction Equipment ("VCE") business area and the Company did not receive detailed financial records of the activity of the VCE distribution business in Russia for the periods prior to acquisition.

Integral agreements

AB Volvo has appointed Ferronordic as its exclusive dealer of VCE branded machines, parts and after-sales services in the entire territory of Russia (except for certain specified headquarter customers who buy directly from AB Volvo). In exchange for exclusivity, Ferronordic has undertaken not to sell products or offer services that compete with the products and services of VCE. The products and services sold under the agreement with AB Volvo constitute a majority share of the Group's total revenue. The agreement runs for an initial period of six years. After such initial period the dealer agreement will continue until terminated by either party. There can be no assurance that the agreement will not be terminated or amended with terms affecting the Group's operations and profitability. A termination of the agreement or amendments to the same, for example as a result of changes in competition or other legislation, or the interpretation thereof, may have an adverse impact on the Group's business, financial condition and results of operations.

Construction and industrial sector

Ferronordic's products are principally used in connection with construction and industrial activities. Consequently, an economic downturn, and particularly a weak development of the road and the general construction industries and a decrease in industrial activity may lead to a significant decrease in demand for new and used equipment the Group sells. The Group's business may also be negatively impacted, either temporarily or long-term, by: a reduction in spending levels by customers; unfavorable credit markets affecting end-user access to capital; adverse changes in federal and local infrastructure spending; an increase in the cost of construction materials; and an increase in interest rates. Deterioration in the non-residential construction and industrial sectors caused by these or other factors may have an adverse impact on the Group's business, financial condition and results of operations.

Weather dependency

Ferronordic's revenue and earnings follow a weather related pattern of seasonality. Construction and infrastructure activity is constrained in the winter months, especially January and February. A longer and colder winter than normal may therefore have an adverse impact on the Group's business, financial condition and results of operations.

Key employees

Ferronordic's success depends to a large extent on its ability to identify, attract and retain qualified and experienced senior management and other key personnel. The Group's ability to attract and retain qualified personnel is dependent on several external factors. Losing a key employee by retirement or to a competitor may cause the loss of critical knowledge not easily replaced and may delay or have an adverse effect on the Group's ability to execute its business plan and strategy and to not be able to meet operational and financial targets. Inability to attract or retain senior management and other key employees may have an adverse impact on the Group's business, financial condition and results of operations.

Operational risk

Operational risk refers to risks relating to the Group's IT- and control system, human errors and natural disasters. The Group's data systems are evaluated, maintained and upgraded continuously. However, defected systems may have an adverse impact on the Group's business, financial condition and results of operations.

Price risk

VCE and the Group work closely together on monitoring market process and market shares and addressing the prices the Group pays for machines and parts. Unforeseen variations in other input prices and prices charged by VCE constitute a risk for the Group and may have an adverse impact on the Group's business, financial condition and results of operations.

Competition from other brands

The Group faces competition from several brands that offer a similar product range as Ferronordic's. Such brands may have access to superior financing, lower production costs and larger distribution networks etc. Ferronordic may as a consequence face increasing competition which may have an adverse impact on the Group's business, financial condition and results of operation.

Insurance risk in Russia

The Group does not carry insurance policies to the extent common in some of the more developed market economies of North America and Western Europe. The Group maintains insurance against some, but not all, potential risks and losses affecting its operations, and the Group cannot assure that its insurance will be adequate to cover all of its losses or liabilities, which are regularly covered in other countries. The Group does not maintain separate funds or otherwise set aside reserves to cover losses or third-party claims from uninsured events. Thus, if such an uninsured event were to occur, the Group could experience significant disruption to its operations and/or would have to make significant payments for which it would not be compensated, which in turn may have an adverse impact on the Group's business, financial condition and results of operations.

Exposure to currency risks

Ferronordic generates most revenues and costs in RUB. However, the Company's reporting currency is EUR and as a consequence, the Company is exposed to currency translation risk to the extent that the assets, liabilities, revenues and expenses of the Group are denominated in currencies other than EUR. Consequently, there is a risk that increases and decreases in the value of the EUR versus RUB will affect the amount of these items in Ferronordic's consolidated financial statements, even if their value has not changed in the original currency. Furthermore, the financing of the Company and the interest costs related to the Bonds are in SEK.

Liquidity risk

The Group may not be able to meet future payment obligations as a consequence of insufficient liquidity. Ferronordic may experience changing results and cash flows for a number of reasons: expenditure level, potential conflicts with tax authorities, competitive environment, interest rates and currency fluctuations and general economic situation. It is not guaranteed that the Russian economy will continue its positive development and in case of an economic recession the value of the Company's assets may be adversely affected. In such a scenario, the Group's operating profit, financial position and general standing could be adversely affected and the Company may not be able to meet its financial undertakings.

Risk of funding

Ferronordic's operation is to a large extent funded by shareholders equity and from the debt capital markets. The risk of funding relates to securing financing, refinancing of outstanding loans or securing additional loans at commercially viable terms at a specific point in time. These factors may infer risk for the Group's operations, financial position and ability to meet its financial commitments.

Counterparty risk

Counterparty risk relates to Ferronordic's counterparties ability to meet its obligations towards the Group. Contingent shareholder and counterparty risk could adversely affect the Group's operations negatively. In addition, shareholders and counterparties could act fraudulently and obstruct the Group to carry out its operations. In some circumstances, the Group could be held liable for the act of co- or third party investors. Risk may also arise from liquidity management and securing short and long term credit facilities. Counterparty risk may thus have an adverse effect on the Group's operations, financial position or general standing.

Credit risk

Credit risk arises when a counterparty fail to meet its obligations towards the Group which could have a negative effect on future cash flows. The Group has no material concentration of credit risk. An increase of the Group's concentration of credit

risk or counterparties' failure to meet their obligations towards the Group may have an adverse impact on the Group's business, financial condition and results of operations.

Risks relating to the Bonds

Credit risks

Investors in the Bonds carry a credit risk relating to the Company. The investor's ability to receive payment under the terms and conditions for the Bonds is therefore dependent on the Company's ability to meet its payment obligations, which in turn is largely dependent upon the performance of the Company's operations and its financial position. The Company's financial position is affected by several factors of which a number have been discussed above.

An increased credit risk may cause the market to charge the Bonds a higher risk premium, which would affect the Bonds' value negatively. Another aspect of the credit risk is that a deteriorating financial position of the Company may reduce the Company's possibility to receive debt financing at the time of the maturity of the Bonds.

Majority decisions by the bondholders

According to the terms and conditions for the Bonds, certain majorities of the bondholders have the right to make decisions and take measures that bind all bondholders. Consequently, the actions of a majority of bondholders could impact the bondholders' rights in accordance with the terms and conditions for the Bonds in a manner that is undesirable for some of the bondholders.

Interest rate risks

The Bonds' value depends on several factors, one of the most significant over time being the level of market interest rate. Investments in the Bonds involve a risk that the market value of the Bonds may be adversely affected by changes in market interest rates.

Liquidity risks

The Company cannot guarantee that a liquid market for trading in the Bonds will occur or that such trading is maintained. The Company will apply for listing of the Bonds at Nasdaq OMX Stockholm in connection with the approval of this Prospectus by the Swedish Financial Supervisory Authority. Even if securities are admitted to trading on a regulated market, active trading in the securities does not always occur. This may result in that the holders cannot sell their Bonds when desired or at a price level which allows for a profit comparable to similar investments with an active and functioning secondary market. Lack of liquidity in the market may have a negative impact on the market value of the Bonds. Furthermore, the nominal value of the Bonds may not be indicative comparing to the market price of the Bonds if the Bonds are admitted for trading at Nasdaq OMX Stockholm.

It should also be noted that during a given time period it may be difficult or impossible to sell the Bonds due to, for example, severe price fluctuations, close down of the relevant market or trade restrictions imposed on the market.

Risks relating to the clearing and settlement in Euroclear's book-entry system

The Bonds are affiliated to Euroclear Sweden AB's ("Euroclear") account-based system, where no physical notes have been, or will be, issued. Clearing and settlement relating to the Bonds is carried out within Euroclear's book-entry system as well as payment of interest and repayment of the principal. Investors are therefore dependent on the functionality of Euroclear's account-based system.

Additional debt and status of the Bonds

The Company may in the future decide to take up additional loans and provide security in accounts receivables, inventory, land assets acquired under project financing, assets pledged or otherwise secured by assets of the Groups rental business and assets pledged under any working capital facility. Subject to possible restrictions in the terms and conditions for the Bonds, the Company may further decide to issue other market loans.

The Bonds represent an unsecured obligation of the Company. This means that in the event of bankruptcy, reconstruction or wind-up of the Company, the holders of the Bonds normally receive payment after any priority creditors have been fully paid.

Each investor should be aware that there is a risk that an investor in the Bonds loses all or part of their investment if the Company becomes bankrupt, carries out a reconstruction or is wound-up.

Amended or new legislation

This Prospectus and the terms and conditions for the Bonds are based on Swedish law in force at the date of this Prospectus. No assurance can be given on the impact of any possible future legislative measures or changes or modifications to administrative practices.

Risks related to early redemption

The Company has, under the terms and conditions for the Bonds, reserved the possibility to redeem all outstanding Bonds before the final redemption date. If the Bonds are redeemed before the final redemption date, the holders have the right to receive an early redemption amount which exceeds the nominal amount. However, there is a risk that the market value of the Bonds is higher than the early redemption amount.

Responsible for the information in the Prospectus

The Company issued the Bonds referred to in this Prospectus on 28 June 2011 in accordance with the empowerment from the Board of Directors. The Prospectus has been prepared for the purpose of listing the Bonds at Nasdaq OMX Stockholm and in accordance with the Commission Regulation (EC) no 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council and the rules and regulations in Chapter 2 of the Swedish Financial Instruments Trading Act.

The Company is responsible for the contents of this Prospectus. The Company hereby assures that the Company has taken all reasonable care to ensure that the information in the Prospectus, to the best of the Company's knowledge, is in accordance with the actual conditions and that no information has been omitted which may serve to distort the picture of the Company. The information in the Prospectus and in the documents incorporated by reference which derive from third parties has, as far as the Company knows and can judge on basis of other information made public by the respective third party, been correctly represented and no information has been omitted which may serve to render the information misleading or incorrect. The Board of Directors hereby assures that the Board of Directors has taken all reasonable care to ensure that the information in the Prospectus, to the best of the Board of Directors' knowledge, is in accordance with the actual conditions and that no information has been omitted which may serve to distort the picture of the Company.

31 May 2012

Ferronordic Machines AB

The Board of Directors

The Company and its operations

History and development

The Company, Ferronordic Machines AB, was incorporated on 10 January 2008 organized under the laws of the Kingdom of Sweden with corporate reg.no 556748-7953. However, the Company was a dormant entity until 1 June 2010. The Company's registered office is Hovslagargatan 5B, Stockholm, Sweden. The Company was created to acquire and operate, as its principal activity, the Volvo Construction Equipment ("VCE") distribution business in Russia.

In May 2010, the Group finalized the takeover of the VCE distribution business in Russia and became the exclusive dealer by acquiring inventory and fixed assets from VCE. In addition, the Group also acquired customer lists, manuals and a license to represent VCE in Russia. The Group also employed 158 people previously employed by VCE in Russia. The takeover of inventory, employees and processes enabled the Company to sell and service VCE equipment and machinery with limited interruption after having assumed control over the distribution business.

The Company did not receive the financial records of the activity of the VCE distribution business for the periods prior to the acquisition. The results were shown in the consolidated results of VCE and Volvo consolidated financial results. It is therefore not practical for the Company to provide an estimate of revenues and earnings for the period prior to the takeover.

The Group has administrative offices in Stockholm, Sweden and in Moscow, the Russian Federation ("Russia"). The Group's Moscow office provides support functions including purchasing, business development, IT, communications, HR, legal affairs, and accounting and finance. In addition, the Group has sales and service locations throughout Russia.

Business and operations

Company vision

Ferronordic's vision is to be regarded as the leading service and sales company within the Group's business areas in the CIS markets.

Strategic and financial objectives

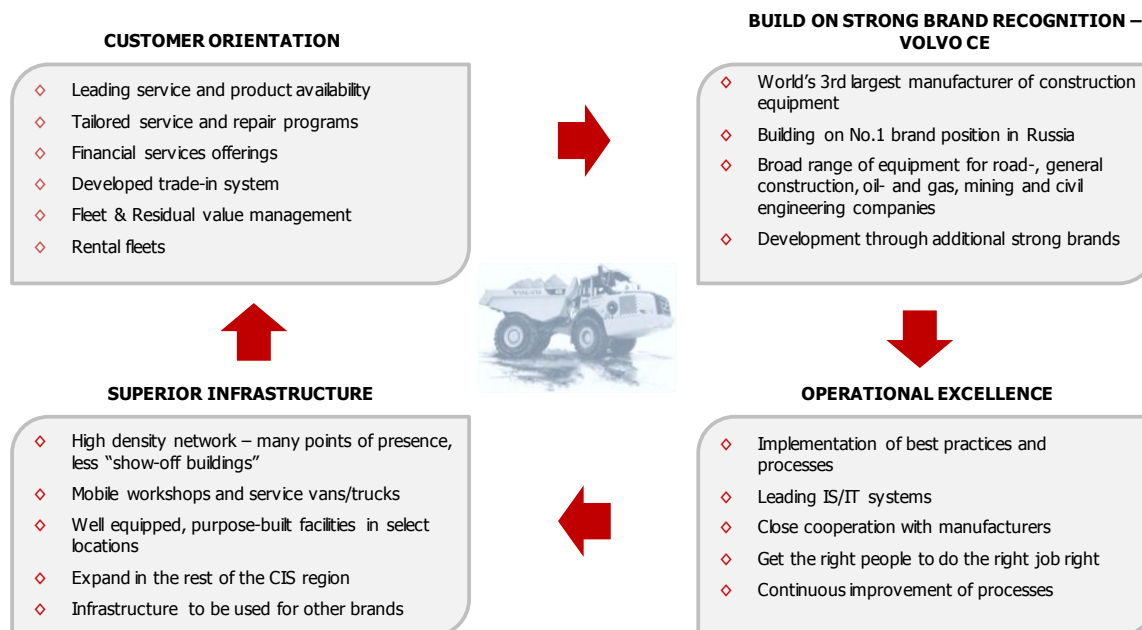
Strategic objectives

- ◇ Leadership within the market for construction equipment
- ◇ Geographical expansion of current product portfolio
- ◇ Expansion into related business areas such as other machinery and commercial vehicles
- ◇ Extract synergies in dealer network infrastructure development and support functions

Financial objectives

- ◇ "Best in class" growth and margin
- ◇ Absorption rate of 1.0x by 2015
- ◇ IPO within the next few years

Strategic cornerstones



Business description

Ferronordic's operations primarily entails distribution and sales of new VCE equipment and machinery, sales of used equipment, sales of other brand equipment, sales of parts and providing of services and technical support to customers. Through the above mentioned transaction, the Group became the exclusive VCE dealer in Russia with offering within the following industries: Oil and gas; Metals and Mining; Quarries and Aggregates; Forestry; Road construction; and General construction.

In addition to the sale of VCE equipment and machinery, the Group seeks to leverage its distribution network by selling and servicing adjacent product categories from additional brands. The Group seeks to be the regional importer and dealer in Russia offering distribution and service functions. A selection of additional brands added to the portfolio includes: Logset; Holms; Log Max; Volvo Trucks; and Volvo Penta.

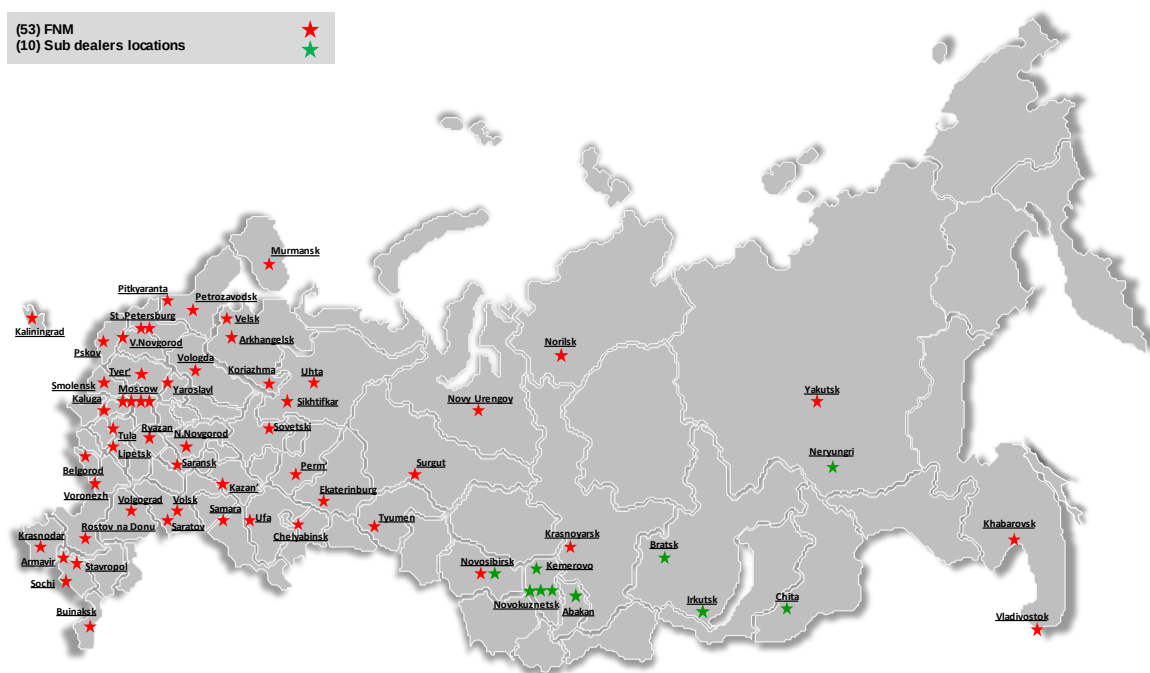
Operating segments

The Group has one reportable segment, Equipment Distribution. This business sells and rents new and used equipment and provides after-sale product support (parts and services) to customers that operate in infrastructure, construction, mining, oil and gas exploration, forestry and industrial markets. A breakdown of sales shows that sale and rental of goods accounted for 98% of total sales in 2011, while revenue from services provided generated the remaining 2%.

Sales and service outlets

The network of sales and service outlets amounted to six own outlets and 30 sub-dealer outlets in June 2010. By the year end of 2011 the Group had 53 own outlets and 10 sub-dealer outlets. A continued expansion is planned for with the target to reach approximately 100 own outlets by 2015.

Sales and service outlets as of end 2011



Legal structure

The Company (Ferronordic Machines AB) is the parent company of the Group. The Company has two wholly owned subsidiaries, Ferronordic Machines LLC, a Russian company which is operating the Group's business in Russia, and Ferronordic Machines Ltd, a Cyprus company which is currently dormant.

Share capital, shares and major shareholders

According to Ferronordic's current Articles of Association adopted on 26 May 2011, the share capital shall be not less than EUR 75,000 and not more than EUR 300,000. The number of shares shall be not less than 75,000 and not more than 300,000. As of the date of this Prospectus, the share capital amounts to EUR 100,000 divided into 100,000 shares which each have a nominal value of EUR 1.0. Each share has one voting right and all shares have equal rights to the Company's profits and assets.

Shareholder	Number of shares	% of capital and votes
Noonday	42,927	42.9%
Mellby Gård	12,162	12.2%
Ferronordic Machines Holdings Ltd*	11,000	11.0%
Creades AB	7,183	7.2%
Investment AB Öresund	4,979	5.0%
Fastighetsaktiebolaget Granen	4,908	4.9%
Alto Cumulus	3,577	3.6%
Anista SárI	3,577	3.6%
Ferronordic Group Ltd**	3,577	3.6%
Maxi Group	1,789	1.8%
Top ten shareholders	95,679	95.7%
Other	4,321	4.3%
Total shareholders	100,000	100.0%

* Erik Eberhardson, Lars Corneliussen and Anders Blomqvist

** Erik Eberhardson and Anders Blomqvist

In accordance with the decision by the Annual General Meeting of 7 June 2011, the Group has offered members of the board of the directors of the Company the option to acquire newly issued warrants in the Company. Each warrant grants the warrant holder a right, under certain conditions, to subscribe for new shares in the Company against payment of the exercise price. The warrants were subscribed for at market value, which was assessed by an independent appraiser.

There is a shareholders' agreement in place between all shareholders and the Company, dated 25 May 2010. The shareholders' agreement, inter alia, includes provisions which serve to ensure that most of the control of the Company (except for agreed reserved matters which require qualified approval, rests with Ferronordic Machines Holdings Ltd, i.e. the holding company of Erik Eberhardson, Lars Corneliusson and Anders Blomqvist.

Board of Directors, Senior Management Team and Auditors

Board of Directors

Name	Position	Selected current assignment(s)	Selected previous assignments
Per-Olof Eriksson	Chairman	Board member of Investment AB Öresund and Biotage	CEO of Sandvik and Seco Tools
Martin Leach	Vice Chairman	Chairman, Magma Group	Chairman and CEO at GAZ International, CEO of Maserati Spa and President Ford of Europe at Ford Motor Company
Marika Fredriksson	Director	Consultant	SVP and CFO, Gambro, SVP/CFO, Autoliv SVP/CFO Volvo CE
Erik Eberhardson	Executive Vice Chairman	Head of Business Development, Ferronordic Machines Group and Board member of Lindab AB	Board member in Magna International, Chairman and CEO, OJSC GAZ; GM Volvo Trucks (Ukraine); CEO, Volvo (Ukraine) and President (CIS), Volvo CE
Lars Corneliusson	Director	CEO, Ferronordic Machines Group	MD Volvo Vostok (Russia); President, Volvo Trucks (Russia) and advisor to Russian Ministry of Economy/Transport (Hifab)
Tom Jörning	Director	MD, Volvo Truck (CEE)	Several senior positions within Volvo Truck including VP (East Europe), Volvo Truck (Europe)
Magnus Brännström	Director	CEO, Oriflame	RD (CIS and Asia) and MD (Russia), Oriflame
Erik Danemar	Director	Mining and resources, Company Equity Analyst, Deutsche Bank	Various positions within Deutsche Bank and United Financial Group

Senior Management Team

Name	Position	Other assignment(s)	Selected previous assignments
Lars Corneliusson	Group CEO	None	MD Volvo Vostok (Russia); President, Volvo Trucks (Russia) and advisor to Russian Ministry of Economy/Transport (Hifab)
Erik Eberhardson	Executive Vice Chairman and Head of Business Development	Board member of Lindab AB	Board member in Magna International, Chairman and CEO, OJSC GAZ; GM Volvo Trucks (Ukraine); CEO, Volvo (Ukraine) and President (CIS), Volvo CE
Anders Blomqvist	Group CFO	None	CFO and COO, Emeyu LLP; Director Investment Banking, HSBC Bank; Investment Banking, Credit Suisse First Boston

The office address of the Board of Directors and the Senior Management Team is the registered office of the Company (please refer to the “Addresses” section below).

Auditors

Authorized public accountant Mattias Lötborn from KPMG AB, is appointed ordinary auditor for Ferronordic up until the Annual General Meeting of 27 April 2012. Mattias Lötborn is a member of FAR.

KPMG AB
P.O. Box 151 06
103 23 Stockholm
Sweden
Tel: +46 8 723 91 00
Web page: www.kpmg.se

Costs associated with listing of the Bonds

ABGSC and Carnegie acted as financial advisors to the Company in conjunction to the issue of the Bonds. Carnegie is also acting Issuing Agent for the Bonds. For these services ABGSC and Carnegie received remuneration. ABGSC and Carnegie receive no additional remuneration for assisting the Company in conjunction with the listing of the Bonds. The Company estimates that the aggregated cost for listing the Bonds amounts to SEK 200,000. This includes, among others, consultant fees, costs for approval of the Prospectus by the Swedish Financial Supervisory Authority and fees to Nasdaq OMX Stockholm.

Recent events and trends etc.

Significant adverse changes

No significant negative changes of Ferronordic's prospects, financial position or market position have occurred between the publication of the annual report for 2011 and the completion of this Prospectus.

Material agreements

As set out in the Section “Risk Factors” under “Integral Agreements”, the products and services sold under the agreement with AB Volvo constitute a majority share of the Group's total revenue. The agreement with AB Volvo is further described in the above mentioned Section of this Prospectus.

The Company has not concluded any other material agreement which does not relate to its ordinary course of business and which may affect the Company's ability to fulfill its obligations under the Bonds.

Litigation

The Company is not currently, and has not within the last twelve months been, subject to any material court or administrative proceedings which could have a significant effect on the Company's or the Group's financial position or profitability. The Company is not aware of any legal proceedings or arbitration proceedings that could arise and which could have a significant effect on the Company or the Group's financial position or profitability.

Conflicts of interests

To the Company's knowledge, none of the members of the Board of Directors or the Senior Management of the Company has a private interest that may be in conflict with the interests of the Company. Many of the members of the Board of Directors and the Senior Management are however likely to have a financial interest in the Company through their direct or indirect holding of shares in the Company.

Although the Company is not currently aware of any conflicts of interest, it cannot be excluded that conflicts of interest may come to arise between companies in which members of the Board of Directors and members of the senior management have duties, as described above, and the Company.

Documents available for inspection

Copies of the following documents can be obtained from the Company in paper format during the validity period of the Prospectus at the Company's head office.

- The Company's articles of association
- All documents which – by reference – are a part of the Prospectus

Documents incorporated by reference

In this Prospectus the following documents are incorporated by reference. The documents have been made public and have been submitted to the Swedish Financial Supervisory Authority.

Reference	Document
Non-audited financial information regarding the Company's business, Q1 2012	Ferronordic's consolidated quarterly report for the financial quarter ended 31 March 2012, page 6-14
Financial information regarding the Company's business, 2011	Ferronordic's consolidated annual report for the financial year ended 31 December 2011, page 9-64
Auditor's report for the financial year ended 31 December 2011	Ferronordic's consolidated annual report for the financial year ended 31 December 2011, page 66
Financial information regarding the Company's business, 2010	Ferronordic's consolidated annual report for the financial year ended 31 December 2010, page 10-63
Auditor's report for the financial year ended 31 December 2010	Ferronordic's consolidated annual report for the financial year ended 31 December 2010, page 64

Investors should read all information which is incorporated in the Prospectus by reference. The documents can be obtained in paper format at the Company's head office.

Addresses

Ferronordic Machines AB

Hovslagargatan 5B
111 48 Stockholm
Sweden
Tel: +46 8 5090 72 80
Web page: www.ferronordic.ru

ABG Sundal Collier AB

Regeringsgatan 65
103 89 Stockholm
Sweden
Tel: +46 8 5666 286 00
Web page: www.abgsc.se

Carnegie Investment Bank AB (publ)

Regeringsgatan 56
103 38 Stockholm
Sweden
Tel: +46 8 676 88 00
Web page: www.carnegie.se

Euroclear Sweden AB

P.O. Box 7822
103 97 Stockholm
Sweden
Tel: +46 8 402 90 00
Web page: www.euroclear.se

CorpNordic Sweden AB

P.O. Box 16285
103 25 Stockholm
Sweden
Tel: +46 (0) 8 402 72 00
Web page: <http://www.corpnordic.com>

Terms and Conditions for the Bonds

Dated 21 June 2011

TERMS AND CONDITIONS FOR
FERRONORDIC MACHINES AB'S
MAXIMUM SEK 400,000,000
12.00% BONDS 2011/2014,
SERIES NO. 1, ISIN SE0004020766

The distribution of this document and the private placement of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required by the Company to inform themselves about, and to observe, such restrictions.

*The Bonds have not been and will not be registered under the U.S. Securities Act of 1933 (the "**Securities Act**") and are subject to U.S. tax law requirements. Subject to certain exemptions, the Bonds may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, U.S. persons.*

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TERMS AND CONDITIONS FOR FERRONORDIC MACHINES AB

MAXIMUM SEK 400,000,000 12.00% BONDS 2011/2014, SERIES NO. 1, ISIN SE0004020766

1 Definitions

For the purpose of these Terms and Conditions the following definitions shall apply:

- “Account Operator”** means a bank or other party duly authorised to operate as an account operator pursuant to the Swedish Financial Instruments Accounts Act (1998:1479) and through which a Holder has opened a VP Account in respect of the Bonds;
- “Adjusted Nominal Amount”** means the total outstanding Nominal Amount of the Bonds not held by the Company or any person or persons who, directly or indirectly, have decisive influence over the Company, or over whom the Company, directly or indirectly, has decisive influence, in each case from time to time;
- “Agent”** means CorpNordic Sweden AB, corp. reg. no. 556625-5476, PO Box 16285, SE-103 25 Stockholm; or any other agent which from time to time represents the Holders pursuant to these Terms and Conditions;
- “Affiliated Persons”** means any person or legal entity, directly or indirectly, owning shares in or in any other way controlling the Founder Company;
- “Asset Purchase Agreement”** means an asset purchase agreement originally dated 27 April 2010 (as amended from time to time) between, inter alios, certain members of the Group and ZAO Volvo Vostok and OOO Volvo Technical Service Centers as sellers (the “Sellers”) regarding certain assets of the Sellers;
- “Banking Day”** means a day which is not a Saturday, Sunday or other public holiday or which in respect of payment of promissory notes is not equal to a public holiday in Sweden;
- “Bond”** means a freely transferable debt instrument of the type set forth in Chapter 1 Section 3 of the Swedish Financial Instruments Accounts Act (1998:1479) and which has been issued by the Company pursuant to these Terms and Conditions;
- “Cash and Cash Equivalents”** means sum of the Group’s total cash in hand, credit on account, cash deposits, other short-term liquid investments in commercial paper and other cash equivalents on consolidated basis according to IFRS;
- “Change of Control”** means:
- (a) any person or persons, acting in concert, directly or indirectly, acquiring more than 50 per cent of the shares in

the Company or obtaining control of the Company in any other way, other than;

(i) at the occurrence of an IPO; or

(ii) if the Founder Company (including Affiliated Persons) increases its holding up to, but not exceeding, 2/3 of the Company's outstanding shares;

which, for the purposes of these Terms and Conditions, shall not constitute a Change of Control; or

(b) following an IPO, a change of ownership which triggers a mandatory bid (budplikt) according to the Swedish Takeover Act (2006:451) which shall apply correspondingly regardless of the Company being listed on an unregulated market;

"Company"	means Ferronordic Machines AB, corp. reg. no. 556748-7953, Östermalmstorg 5, 114 42 Stockholm;
"CSD"	means the Company's central securities depository and registrar in respect of the Bonds, from time to time, initially Euroclear Sweden AB, corp. reg. no. 556112-8074, Box 191, 101 23 Stockholm;
"Dealer Agreement"	means the dealer agreement originally dated on 27 April 2010 (as amended from time to time) between ZAO Volvo Vostok and OOO Ferronordic Machines under which ZAO Volvo Vostok has appointed OOO Ferronordic Machines as the exclusive dealer of certain of ZAO Volvo Vostok's products in the Russian Federation;
"Early Redemption"	shall have the meaning set forth in Condition 8.1;
"Early Redemption Date"	shall have the meaning set forth in Condition 8.2;
"EBITDA"	means the Group's total consolidated operating results before depreciation and amortization for the last twelve months in accordance with IFRS (excluding unrealised gains or losses on debt items);
"EUR"	means the single currency of the member states of the European Community that adopt or have adopted the euro as its lawful currency under the legislation of the European Union for the European Monetary Union;
"Financial Indebtedness"	means any indebtedness on a consolidated Group level for or in respect of: (a) moneys borrowed; (b) any amount raised pursuant to the issue of any Market Loans;

- (c) any amount of any liability in respect of any hire, purchase or leasing which, in accordance with IFRS, would be treated as a financial or capital lease;
- (d) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (e) any derivate transaction (however when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (f) any counter-indemnity obligation in respect of any guarantee, letters of credit or any other instrument issued by a bank or a financial institution;
- (g) other transactions that have the commercial effect of a borrowing;
- (h) any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (g) above; and
- (i) for the avoidance doubt:
 - (i) any committed but undrawn facility amount; or
 - (ii) accounts payable (other than accounts payable bearing overdue interest),

shall not constitute Financial Indebtedness;

“Founder Company”	means Ferronordic Machines Holdings Ltd, a company organised under the laws of Cyprus and having its registered address at Athinos 5, Agios Antonios, P.C. 1015, Nicosia, Cyprus;
“Group Company”	means each company, being a subsidiary, in the Group (if any) other than the Company, where subsidiary means such enterprises that are considered to be subsidiaries pursuant to Chapter 1 Section 11 and 12 of the Swedish Companies Act (2005:551);
“Group”	means the group (if any) for which the Company is the parent company pursuant to the provisions referred to in the definition of “Group Company”;
“Holder”	means a person registered on a VP Account as holder or otherwise is entitled to receive payment in respect of a Bond;
“IFRS”	means the generally accepted accounting practice and principles in Sweden applicable to the business the Company conducts, currently International Financial Reporting Standards;
“Interest Payment Date”	means the dates interest will be paid on, i.e., 28 June 2012, 28 June 2013 and the Redemption Date;
“Interest Rate”	means 12.00 per cent per annum;

"IPO"	means an event where the Company's shares are listed on NASDAQ OMX Stockholm or any other regulated market (for the avoidance of doubt, First North shall be considered a regulated market) and the shares are admitted to trading on the relevant regulated market;
"Issue Date"	means 28 June 2011;
"Issuing Agent"	means initially Carnegie Investment Bank AB (publ), corp. reg. no. 516406-0138, 103 38 Stockholm, or such issuing agent that the Company, from time to time, appoints to manage certain tasks in accordance with these Terms and Conditions;
"Market Loan"	means debt raised by issuance of commercial paper, subordinated debentures, bonds, notes or other securities (including debt raised under MTN- or other debt issuance programmes) which is or can be admitted for trading on a Swedish or foreign regulated market;
"Net Debt"	means the Group's total Financial Indebtedness, on consolidated basis according to IFRS, less Cash and Cash Equivalents and excluding the Working Capital Facility;
"Nominal Amount"	shall have the meaning set forth in Condition 2.1;
"Qualified Majority"	shall have the meaning set forth in Condition 12.1(c);
"Quarter Date"	means 31 March, 30 June, 30 September and 31 December each year;
"Quotation Day"	has the meaning set forth in Condition 7.1;
"Record Date"	has the meaning set forth in Condition 6.3;
"Redemption Date"	means 28 June 2014 or such earlier date that may be the case pursuant to the provisions in Conditions 8 (<i>Early Redemption in the event of change of control etc.</i>), 9 (<i>Early redemption by the Company</i>) or 11 (<i>Acceleration of the Bonds</i>);
"Reference Date"	means each Quarter Date, from and including 31 December 2012;
"SEK"	means the lawful currency for the time being of the Kingdom of Sweden;
"Shareholder Loan"	means a EUR 24,880,000 investor loan facility agreement entered into on 25 May 2010 between, <i>inter alios</i> , the Company and the Original Lenders (as defined in the Shareholder Loan);
"STIBOR"	means (a) the percentage rate per annum displayed on the Reuters page SIOR (or if said page is replaced or the service ceases to be available, such other page designated by the Agent displaying the rate) or (b) if such rate is not available, the arithmetic mean of the rates as supplied to the Agent at its request quoted by at least four leading Swedish banks for lending in SEK in the Swedish interbank market, in each case for a period of one week as of 11.05 a.m. (Stockholm time) on the Quotation Day and rounded upwards to two decimals places;

“Total Shareholders’ Equity” means the total shareholders’ equity of the Group on a consolidated basis according to IFRS as stated in the relevant financial report;

“VP Account” means a securities account (account for shares and other securities (Sw. *avstämningskonto*)) according to the Swedish Financial Instruments Accounts Act (1998:1479) in which each Holder’s holding of Bonds is registered;

“Working Capital Facility” means any existing or future working capital facility or credit line of up to SEK 225,000,000 (two hundred twenty-five million).

2 The amount of the Bonds and undertaking to make payments

2.1 The aggregate amount of the bond loan will be an amount of up to SEK four hundred million (400,000,000) and will be represented by Bonds, each of a nominal amount of SEK one million (1,000,000) or full multiples thereof (**“Nominal Amount”**).

2.2 The Company undertakes to repay the Bonds, to pay interest and to otherwise act in accordance and comply with these Terms and Conditions.

2.3 The proceeds of the issuance shall be applied by the Company towards repayment of the outstanding Shareholder Loan in full and general corporate purposes primarily in the operating Group Companies.

3 Status

The Bonds constitute direct, unconditional, unsecured, freely transferable and unsubordinated obligations of the Company.

4 Interest

The Bonds will bear interest at the Interest Rate applied to the Nominal Amount from the Issue Date up to and including the Redemption Date. The interest will be paid in arrears on each Interest Payment Date and shall be calculated on a 30E/360-days basis.

5 Bonds in book-entry form

5.1 The Bonds will be registered on behalf of the Holders on a VP Account and no physical notes will be issued. Registration requests relating to the Bonds shall be directed to an Account Operator. Those who, according to assignment, pledge, the provisions of the Swedish Children and Parents Code (Sw. *Föräldrabalken*), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Bond shall register their entitlement to receive payment.

5.2 The Company and the Agent shall be entitled to obtain information from the register kept by the CSD in respect of the Bonds (Sw. *skuldbok*).

6 Redemption of the Bonds and payments

6.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled in accordance with these Terms and Conditions, the Company shall redeem all outstanding Bonds at the Nominal Amount on the Redemption Date.

6.2 Company's purchase of Bonds

Subject to applicable law, the Company may at any time purchase Bonds on the market or in any other way. The Bonds held by the Company may at the Company's discretion be retained, sold or cancelled by the Company.

6.3 Payments of principal and interest

Payment of the Nominal Amount and interest will be made to the person who is a Holder on the fifth Banking Day prior to the respective payment date or, if on the relevant time another Banking Day which is falling closer to the relevant redemption date is generally applied in the Swedish bond market, such other Banking Day ("**Record Date**"). If a Holder has registered, through an Account Operator, that capital and interest shall be deposited in a certain bank account, such deposits will be effected by the CSD on the relevant payment date. In other cases, payments will be transferred by the CSD to the Holder at the address registered with the CSD on the Record Date. If a day on which an amount becomes due and payable is not a Banking Day the amount will be deposited or transferred the next following Banking Day. However, interest only accrues up to and including the relevant due date. Should the CSD, due to a delay on behalf of the Company or some other obstacle, not be able to effect the payment of amounts according to the aforesaid, the CSD will pay such amount to the Holders on the Record Date as soon as possible after such obstacle has been removed. If a person to whom payment has been made in accordance with the above was not entitled to receive such payment, the Company and the CSD shall nevertheless be deemed to have fulfilled their obligations, provided that the Company and/or the CSD did not have knowledge that such payment was made to a person not entitled to receive such amount and provided the Company and/or the CSD acted with normal care.

7 Default interest

- 7.1** If the Company fails to pay any amount due, the Company shall pay default interest on such amount at a rate corresponding to STIBOR plus two (2) percentage units, from the date such payment was due up to and including the date of actual payment. STIBOR shall be determined on the first Banking Day (the "**Quotation Day**") of each weekly period of delay. Default interest shall however, subject to Condition 7.2, never be less than the Interest Rate plus two (2) percentage units. Accrued default interest shall not be capitalized.
- 7.2** If the delay is due to an existence of an obstacle for the Agent or the CSD, respectively, as set out in Condition 19.1, the default interest shall not exceed the relevant Interest Rate.

8 Early redemption in the event of change of control etc.

- 8.1** Upon the event of a Change of Control each Holder shall have the right to call for an early redemption ("**Early Redemption**") of relevant Holder's all Bonds in their entirety. The call for Early Redemption must be submitted within thirty (30) days after the Company has given notification to the Holders of a Change of Control. Such notification shall be given as soon as possible after a Change of Control has taken place. A call for Early Redemption shall be made in writing in accordance with Condition 17 whereby such Holder's Bonds shall be blocked for other transactions by the relevant Account Operator and the Agent.
- 8.2** The Company shall redeem the relevant Bonds subject to Early Redemption according to Condition 8.1 on the last Banking Day ("**Early Redemption Date**") which falls in the calendar month immediately following the calendar month in which the relevant notice for an Early Redemption call was received, provided however that the relevant Holder's Bonds have been blocked for further transfer not later than on the fifth Banking Day preceding the Early

Redemption Date. The Bonds shall be redeemed at the Nominal Amount of the relevant Bonds together with accrued interest in accordance with Condition 4 from the preceding Interest Payment Date (or, if such date has not occurred, the Issue Date) up to and including the relevant Early Redemption Date.

9 Early redemption by the Company

All Bonds, but not only some, can be redeemed early at the option of the Company on any Banking Date falling after the first (1st) anniversary of the Issue Date. The Company can exercise its option by giving the Holders not less than thirty (30) days but not more than sixty (60) days notice in accordance with Condition 17. The notice shall be irrevocable and state the date for early redemption and the relevant Record Date. The Bonds shall be redeemed at an early redemption amount equal to:

- a) 105.00 per cent of the Nominal Amount, if an early redemption occurs during the period from first (1st) anniversary of the Issue Date up to and including the second (2nd) anniversary of the Issued date; and
- b) 102.00 per cent of the Nominal Amount, if an early redemption occurs during the period from the second (2nd) anniversary of the Issue Date up and including the day before the Redemption Date.

In addition, the Company shall pay accrued interest from the latest Interest Payment Date (or, if such date has not occurred, the Issue Date) up to and including the relevant date for early redemption.

10 Special undertakings

10.1 General undertakings

So long as any Bonds remain outstanding, the Company undertakes:

- (a) before an IPO not to (i) make any dividend on shares or similar shareholder distributions (for the avoidance of doubt, repayment of the Shareholder Loan shall not be considered as distribution to the Company's shareholders), (ii) repurchase of own shares, (iii) redeem share capital or other restricted equity with distribution to shareholders of the Company, and after an IPO not to make distribution to shareholders described under (i)-(iii) above if such distribution results in the Group having less than SEK 400,000,000 (four hundred million) of Total Shareholders' Equity; and at all times procure that each Group Company (even if not wholly-owned, directly or indirectly, by the Company (if any)) complies with said undertakings;
- (b) to (i) not cease to operate its business and undertakes to ensure that the Group (taken as a whole) will not cease to operate its business, (ii) procure that no material change is made in the nature of the business of the Company or the Group (taken as a whole) from that carried on as per the Issue Date, (iii) not to sell, transfer or otherwise dispose or permit any Group Company to sell, transfer or otherwise dispose of any assets that are material for the general operations of the Company or the Group (taken as a whole) and (iv) procure that the Dealer Agreement or the Asset Purchase Agreement are not cancelled or materially changed (directly or indirectly negatively affecting the Company's rights in relation to the Dealer Agreement or the Asset Purchase Agreement);

- (c) not to provide or permit to subsist any security or permit someone else to provide or permit to subsist security in the form of a guarantee or otherwise, for any Market Loan raised by the Company or Group Company;
- (d) that neither it nor any Group Company will provide or permit to subsist any security or permit someone else to provide or permit to subsist security for any Financial Indebtedness, other than security provided in or for:
 - (i) account receivables;
 - (ii) inventory;
 - (iii) land and assets acquired under project financing; and/or
 - (iv) assets pledged or otherwise secured by assets of (for the avoidance of doubt, including any financial or capital leasing provided to) the Group's rental business;
 - (v) assets pledged under any Working Capital Facility; and
- (e) notwithstanding (d) above, not to provide or permit to subsist any security (other than security existing on the Issue Date) in the shares of any subsidiaries of the Company.

10.2 Information undertakings

So long as any Bonds remain outstanding, the Company undertakes:

- (a) to prepare and publish quarterly reports and audited annual reports (which shall be prepared in accordance with IFRS) and make them available on its website as soon as they become available (starting with the quarterly report to be published for the quarter ending on 30 June 2011), however, for quarterly reports not later than two (2) months after each Quarter Date and for audited annual reports not later than six (6) months after the end of the relevant financial year;
- (b) to, within ten (10) Banking Days from publishing of quarterly reports or audited annual reports (as applicable) referred to in Condition 10.2 (a) above or no later than twenty (20) days from the Agent's reasonable request, confirm (in respect of (i) and (A) of (ii) below) to the Agent in writing in a separate compliance certificate, substantially in the form set out in Appendix 1 (Form of Compliance Certificate) to these Terms and Conditions, signed by two duly authorised signatories of the Company on its behalf:
 - (i) certifying that, as far as the Company is aware of, no event which would entitle the Agent to accelerate the Bonds is outstanding or, if it is aware that such an event is outstanding, specifying the event and the steps, if any, being taken to remedy it; and
 - (ii) accompanied by a report setting out the calculations of (and compliance with) the financial undertakings as set out in;
 - (A) Condition 10.3 (a) (starting with the compliance certificate to be delivered following the quarterly report for 31 March 2012) and, if such undertaking is breached, explanations of the reasons thereto and the steps, if any, being taken to remedy it; and
 - (B) Condition 10.3 (b) (starting with the compliance certificate to be delivered following the quarterly report for 31 December 2012) and, if such undertaking is breached, explanations of the reasons thereto and the steps, if any, being taken to remedy it.

10.3 Financial undertakings

The Company undertakes to ensure that,

- (a) no additional Financial Indebtedness is raised should the Net Debt to EBITDA ratio, due to the raising of such Financial Indebtedness, at any time exceed 5.00 from and including 1 January 2012 until and including 30 December 2012;
- (b) the Net Debt to EBITDA ratio does not on any Reference Date exceed 4.00 during the period from and including 31 December 2012 until the Redemption Date; and
- (c) each ratio shall be based on,
 - (i) the same currency (and exchange rates) as used in the consolidation provided in the quarterly and audited annual reports, delivered in accordance with Condition 10.2;
 - (ii) the latest, or in respect of EBITDA the latest four (4), quarterly report(s) or, as applicable, the latest audited annual report delivered prior to and pursuant to the calculation, other than calculations made following the Agent's request, as set out in Condition 10.2 (b), such calculations shall be based on the Net Debt on the date of such request and the EBITDA set out in the latest prepared (even if not yet delivered) quarterly report and the three (3) quarterly reports delivered prior thereto.

10.4 The Agent is entitled to, on behalf of the Holders, waive, partly or in full, the provisions in Condition 10 if satisfactory collateral or other security arrangements, in the Agent's absolute discretion, is provided in respect of the Company's proper discharge of its obligations under the Bonds.

10.5 The Company undertakes to apply for listing of the Bonds on the Corporate Bond List of NASDAQ OMX Stockholm and will use all reasonable efforts to achieve and maintain such listing as long as any Bonds are outstanding, however not longer than up to and including the last day on which trading in the Bonds on the exchange reasonably can, under to the then applicable regulations by the exchange and the CSD, take place before the Redemption Date. The application for listing of the Bonds shall be filed with NASDAQ OMX Stockholm not later than 12 months from the Issue Date.

11 Acceleration of the Bonds

11.1 The Agent is entitled, on behalf of the Holders, to declare all but not only some of the Bonds due for payment immediately or at such later date as the Agent determines (such later date not being a date falling later than twenty (20) Banking Days from the date on which the Agent made such declaration), if:

- (a) the Company fails to pay an amount on the date it is due in accordance with these Terms and Conditions (unless the Company's failure to pay is caused by an administrative or technical error and payment is made within 3 Banking Days of its due date);
- (b) the Company fails to comply with any of its undertakings in Conditions 10.1, 10.2 or 10.3, provided that the Company fails to remedy such failure or violation within ten (10) Banking Days from the earlier of:
 - (i) the Company becoming aware of the occurrence of;
 - (ii) the Agent's notice (containing evidence of a potential breach) to the Company of; or

- (iii) the day on which the Company makes its reports available (or should have at the latest made such report available), in accordance with Condition 10.2, evidencing,

a breach of or failure to comply with Conditions 10.1, 10.2 or 10.3 (if in the opinion of the Agent, the failure or violation is not capable of being remedied, the Agent may declare the Bonds due for payment immediately);

- (c) the Company fails to comply with or in any other way acts in violation of these Terms and Conditions, other than as specified in this Condition 11.1, provided that the Agent has urged the Company to remedy such failure or violation and the Company fails to do so within twenty (20) Banking Days (if in the opinion of the Agent, the failure or violation is not capable of being remedied, the Agent may declare the Bonds payable without such prior direction);
- (d) the Company or a Group Company does not pay when due any payment or otherwise fails to fulfil the terms and conditions under any Financial Indebtedness granted to the Company or a Group Company and such Financial Indebtedness due to the failure to pay has been accelerated for payment or could have been accelerated, or if the Financial Indebtedness could not be accelerated or if the outstanding payment was the last payment under the Financial Indebtedness, if the failure to pay has been continuing for at least twenty (20) Banking Days, where the aggregate outstanding and unpaid Financial Indebtedness in question amounts to at least SEK 25,000,000 (or the equivalent thereof in other currencies);
- (e) the Company or a Group Company suspends its payments;
- (f) the Company or a Group Company applies for or approves an application for insolvent corporate reconstruction according to the Swedish Act on Insolvent Corporate Reconstruction (1996:764) or other foreign corresponding laws;
- (g) the Company or a Group Company is declared bankrupt;
- (h) a decision is made to place the Company in liquidation irrespective of reason or a Group Company is forced to be liquidated (however, voluntary liquidation of a Group Company other than the Company, shall not be restricted by these Terms and Conditions);
- (i) in respect of a merger with other company than a Group Company, decision is made that the Company or a Group Company shall be merged into another company, unless the Agent, upon the Company's written assurance that the merger will not affect the Terms and Conditions negatively, has given its consent in writing prior to the merger (for the avoidance of doubt, mergers within the Group shall be allowed and shall not require the consent of the Agent) (where consent is not to be understood as a waiver of the rights that applicable law at the time assigns the concerned creditors); or
- (j) in respect of a demerger of the Company or a Group Company (whether the concerned company is dissolved or not with the exception for demerger of a Group Company where all the concerned and created companies constitute wholly owned Group Companies after the demerger), decision is made that the Company or a Group Company shall demerge, unless the Agent, upon the Company's written assurance that the demerger will not affect the Terms and Conditions negatively, in writing prior to that has given its consent for the demerger (where consent is not to be understood as a waiver of the rights that applicable law at the time assigns the concerned creditors).

- 11.2** If the Bonds are declared due and payable, the Company shall redeem the Bonds at a redemption amount equal to the Bonds' Nominal Amount plus a surcharge of three (3) per cent of the Nominal Amount plus the accrued interest, if any, pursuant to Condition 4 from the preceding Interest Payment Date (or, if such date has not occurred, the Issue Date), up to and including the payment date.
- 11.3** Termination for payment prematurely on the grounds mentioned in Condition 11.1 (e)-(j) in respect of a Group Company, may however only occur if the nature of the particular circumstance is such that it could adversely and materially affect the Holders' interests and that the cause of termination is continuing at the time of the Agent's declaration.
- 11.4** If the right to termination is based upon a decision of a court of law, a government authority or an annual general meeting, it is not necessary that the decision has acquired legal force or that the period of appeal has expired in order for cause of termination to be deemed to exist.
- 11.5** The Company is obliged to inform the Agent immediately if any circumstance of the type specified in Condition 11.1 should occur. Should the Agent not receive such information, the Agent is entitled to assume (unless it has received notice to the contrary in its capacity as Agent) that no such circumstance exists or can be expected to occur provided that the Agent does not have knowledge of such circumstance. At the reasonable request of the Agent the Company shall within five (5) Banking Days provide the Agent with a certificate regarding the circumstances dealt with in Condition 11.1. The Company shall further provide the Agent with such details as the Agent may reasonably request regarding any circumstances referred to in Condition 11.1 and provide at the request of the Agent all documents that may be of significance in the application of this Condition.
- 11.6** If the Agent has been notified by the Company or otherwise has considered right to termination to occur according to this Condition 11, the Agent shall consider, within ten (10) Banking Days of the day of notification or consideration, if the Bonds shall be declared terminated. If the Agent has decided not to terminate the Bonds, the Agent shall, at the earliest possible date, notify the Holders that right to termination is at hand and obtain judgement on the matter from the Holders according to the provisions in Condition 12.
- 11.7** If the Holders resolve on a Holders' Meeting to terminate the Bonds, or if such termination is demanded by Holders holding Bonds representing at least one half of the Adjusted Nominal Amount, the Agent shall promptly declare the Bonds terminated. If the cause for termination according to the Agents appraisal has ceased before the termination, the Agent is not liable to execute the termination. The Agent shall in such case, at the earliest possible date, notify the Holders that the cause for termination has ceased. If the Holders, without prior initiative to decision from the Agent or the Company, have passed a resolution in accordance with all relevant provisions in Condition 12 and to the effect that the Bonds shall be terminated in accordance with all relevant provisions of this Condition 11, the Agent shall promptly declare the Bonds terminated. The Agent is however not liable to take action if the Agent considers cause for termination not to be at hand, unless the instructed Holders in writing commit to holding the Agent indemnified and, at the Agents own discretion, grant sufficient security for the obligation.

12 Holders' meeting etc.

12.1 Holders' meeting and procedure in writing

- (a) Each of the Company or the Agent can at any time call for a Holders' meeting or demand for a procedure in writing among the Holders. Holders representing at least ten (10) per cent of the total outstanding Nominal Amount may demand that such call is

made. Such demand shall be made in writing to the Company and the Agent including (i) information regarding the issues that shall be discussed and (ii) documentation which indicates the holding of the relevant Holders. If the Agent establishes that such demand has been received in due order the Agent shall, within twenty (20) Banking Days from receipt of such demand, call to a meeting or demand for a procedure in writing. Such obligation does not exist if, according to the Agent, (i) the proposal must be approved by the Company and the Company informs the Agent that it will not give such approval, (ii) the proposal is not in accordance with applicable laws or (iii) it appears clearly unlikely that the meeting will consent to the proposal in view of previous meetings or procedures in writing.

- (b) Notice shall be made to the Holders and the Agent or, as the case may be, the Company in accordance with Condition 17 below and shall be made not later than ten (10) Banking Days and not earlier than thirty (30) Banking Days prior to the meeting or the last day for replies. The notice shall include (i) time for the meeting or the last day for replies, (ii) place for the meeting or address for replies, (iii) agenda for the meeting, (iv) information regarding which day a Holder shall be registered as owner or, in case of nominee registration and such possibility is provided by the CSD is entitled to vote in the register of the CSD and (v) what is otherwise required by a Holder in order to attend the meeting. The Company or, if the Agent is calling, the Agent shall determine the contents in the notice and provide, in writing or electronically, a proxy form or, in case of a procedure in writing, a decision form with the relevant alternatives for resolution.
- (c) A resolution is passed through voting at a meeting (or, in case of a procedure in writing, through calculation), at which each Holder entitles to vote shall have one vote per Bond at a Nominal Amount of SEK 1,000,000 such Holder holds. A Holder that holds more than one Bond must vote in the same manner for all Bonds held. However, a representative who represents different Holders may vote differently for different Holders. Bonds held by the Company or by a company within the same group as the Company (as this term is defined in Chapter 1 Section 11 and 12 in the Swedish Companies Act (2005:551)) shall not entitle any voting right and shall not be considered when calculating if necessary majority has been achieved in accordance with these Terms and Conditions. The resolution of the Holders shall be the opinion which represents the majority of the Adjusted Nominal Amount for the Bonds ("**Majority**"). In respect of the below issues the following qualified majority is required among the votes casted and the answers received in order to deem a resolution passed ("**Qualified Majority**"):
 - (i) two thirds when (a) one of the conditions in Condition 10 is waived (other than a waiver in respect of Condition 10.3 (b) for which Majority shall suffice) or (b) a condition in Condition 10 or 11 is amended, subject to (ii) below;
 - (ii) three quarters when (a) principal amount, interest rate or interest amount which shall be paid by the Company is reduced, (b) amendment of any redemption day for principal or interest amount, (c) amendment of any redemption premium or (d) amendment of the conditions in this Condition 12.1 (c).

If the number of votes are equal the opinion which is most beneficial for the Holders, according to the chairman of the meeting (or, in case of a procedure in writing, the Agent) will prevail.

- (d) Quorum exists only where (i) Holders representing at least one fifth of the aggregate outstanding Adjusted Nominal Amount attend the meeting in due order (or, in case of a

procedure in writing, provide answers), or (ii) where any decision requiring a Qualified Majority is at issue, Holders representing at least one-half of the aggregate outstanding Adjusted Nominal Amount attend the meeting (or, in the case of a procedure in writing, provide answers). If quorum is not achieved within fifteen (15) minutes from the fixed time (or, in case of a procedure in writing, through received answers at the end of the time for replies), the meeting shall be adjourned (or, in case of a procedure in writing, the time for replies shall be extended) to the day which falls on the fifth Banking Day thereafter. Notice containing information regarding time and place for a continued meeting (or, in case of a procedure in writing, information regarding extended time for replies) shall promptly be provided to the Holders in accordance with Condition 17. At a continued meeting (or, in case of a procedure in writing, at a new calculation) a resolution can be passed through a ordinary resolution (or, if required in accordance with (c) above, through Qualified Majority) by Holders entitled to vote irrespective of the share of Bonds represented.

- (e) At the meeting the Company, the Holders and the Agent may attend along with its representatives, counsels and assistants. The meeting can decide that further individuals may attend. The meeting is opened by a present person appointed by the Company (or, if such person does not exist, a present person appointed by the Agent) and the meeting is lead by that person until present and represented Holders have appointed a chairman for the meeting. The chairman shall arrange for minutes to be kept at the meeting in which Holders entitled to vote shall be listed, which other persons have been attending, what has been discussed, how the voting has turned out and which resolutions that have been passed. The minutes shall be signed by the chairman and by at least one person appointed to verify the minutes. In case of a procedure in writing, the Agent shall provide for the calculation and draw up minutes in respect of the calculation. The Agent may request for complements and clarifications but is not obliged to do so and may disregard from unclear or illegible answers. The Agent shall disregard from answers which do not follow listed alternatives or answers where voting right does not appear in the material provided by the Holder or CSD. The Company may attend the calculation. The minutes shall be completed promptly and be held available for the Holders at the Company and the Agent.
- (f) If the Company and the Agent deem it appropriate a meeting may be combined with a possibility for Holders to provide answers in accordance with a written resolution form as an alternative to being present or being represented at a meeting.
- (g) A resolution that has been passed at a duly called and held meeting or a procedure in writing is binding to all Holders irrespective of them being present or being represented at the meeting or if they have participated in the procedure in writing and irrespective of how and if the they have voted.
- (h) The Company shall bear all cost for the Company and the Agent in connection with a meeting or a procedure in writing irrespective of who has initiated the meeting or the procedure.

13 The Agent

13.1 The Agent's obligations are exhaustively regulated herein. For the avoidance of any doubt, the Agent has no obligation to monitor the Company's financial standing or its fulfilment of obligations and liabilities, other than as expressly set forth herein.

13.2 The Agent shall not be bound to account to any Holder for any sum received by it for its own account.

- 13.3** For the avoidance of any doubt, the Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.
- 13.4** The Agent shall not be liable for any action taken by it under these Terms and Conditions, unless directly caused by its gross negligence or wilful misconduct.
- 13.5** Even without a separate authorization from the Holders, the Agent, or a person appointed by the Agent, is empowered to represent the Holders against the Company in accordance with these provisions in every matter concerning the Bonds, whether or not in court or before an executive authority (including any legal or arbitration proceeding relating to the perfection, preservation, protection or enforcement of the Bonds). Each Holder shall immediately upon request by the Agent provide the Agent with any such documents, including a written power of attorney (in form and substance to the Agent's satisfaction), which the Agent deems necessary for the purpose of carrying out its duties under these Terms and Conditions. The Agent is under no obligation to represent a Holder which does not comply with such request of the Agent. Even though the Agent is entitled to represent the Holders, the Agent is not obliged to take action unless explicitly expressed in these Terms and Conditions.
- 13.6** The Agent may rely on any representation, notice or document believed by it to be genuine, correct and appropriately authorized and any statement made by a director, authorized signatory or employee of any person regarding any matters which may reasonably be assumed to be within his knowledge or within his power to verify.
- 13.7** In relation to these Terms and Conditions, the Agent may act through its personnel and agents. The Agent may further engage, pay for and rely on the advice or services of any lawyers, accountants or other experts. The reasonable, evidenced and proper costs for such third party advice shall be borne by the Company. In acting as Agent for the Holders, the Agent shall be regarded as acting through its agency division which shall be treated as a separate entity from any other of its divisions or departments. If information is received by another division or department of the Agent, it may be treated as confidential to that division or department and the Agent may reasonably not be deemed to have received it.

13.8 Replacement of Agent

The Agent may retire from its assignment according to these Terms and Conditions provided that (i) notice is given by the Company to the Holders, and (ii) the Company has appointed a leading Swedish or international business bank or securities institution to accede as new Agent at the same time as the present Agent retires. If the Company has not appointed a new Agent within thirty (30) days after the Agent has given the Company notice of its resignation, the Agent has the right to appoint a new Agent. If (i) the Agent is subject to bankruptcy or financial reconstruction according to law or regulations from a supervising authority or (ii) if a decision is made by the Company or (iii) if a resolution is passed by the Holders to replace the Agent, the Company shall immediately appoint a new agent which immediately shall replace the present Agent as Agent in accordance with these Terms and Conditions. No resignation by the Agent shall however take effect until a new Agent has been appointed by the Company. When a new Agent has been appointed, the resigning Agent shall bear no responsibility for acts or omissions during the time after the replacement of the Agent but shall continue to enjoy the rights under these Terms and Conditions (other than rights in accordance with Condition 13.9). The Agent's successor, the Company and the Holders shall have the same rights and obligations among themselves as they would have had if such successor would have been the original Agent.

13.9 Remuneration for the Agent

The Agent is entitled to receive remuneration from the Company for acting as Agent in accordance with these Terms and Conditions. If the Agent, based on good reasons, believes that the Company is or will become insolvent the Agent is entitled to reserve reasonable remuneration from Holders for its continued work in accordance with these Terms and Conditions, save that the Agent shall make the arrangements stated in Condition 11.6 without having received remuneration or being indemnified by the Holders. If the Agent notifies the Holders that it will not take further actions each Holder may independently represent its holding of Bonds against the Company without having to observe the provisions in Conditions 11, 12.1 and 13.

13.10 Replacement of the Issuing Agent

The Issuing Agent may retire from its assignment according to these Terms and Conditions provided that (i) notice is given by the Company to the Holders, and (ii) the Company has appointed a reputable institution to accede as new Issuing Agent at the same time as the present Issuing Agent retires. If the Company has not appointed a new Issuing Agent within thirty (30) days after the Issuing Agent has given the Company notice of its resignation, the Issuing Agent has the right to appoint a new Issuing Agent. If (i) the Issuing Agent is subject to bankruptcy or financial reconstruction according to law or regulations from a supervising authority or (ii) if a decision is made by the Company or (iii) if a resolution is passed by the Holders to replace the Issuing Agent, the Company shall immediately appoint a new Issuing Agent which immediately shall replace the present Issuing Agent as Issuing Agent in accordance with these Terms and Conditions. No resignation by the Issuing Agent shall however take effect until a new Issuing Agent has been appointed by the Company. When a new Issuing Agent has been appointed, the resigning Issuing Agent shall bear no responsibility for acts or omissions during the time after the replacement of the Issuing Agent. The Issuing Agent's successor, the Company and the Holders shall have the same rights and obligations among themselves as they would have had if such successor would have been the original Issuing Agent.

14 Amendments of the conditions

14.1 Subject to Condition 14.2, the Company and the Agent, acting on behalf of the Holders, may agree to amend these Terms and Conditions provided that:

- a) such amendment, in the opinion of the Agent, does not adversely affect the rights and interests of the Holders under these Terms and Conditions in any material respect;
- b) such amendment is of a formal, minor or technical nature or is made to correct a clear and manifest error; or
- c) such amendment has been duly approved by a Holders' Meeting or by Holders holding Bonds representing at least half of the Adjusted Nominal Amount.

14.2 The Agent and the Company may, however, not agree to amendments if such amendments relate to matters that would require a Qualified Majority at a Holders' Meeting, unless such matter has been duly approved by a Holders' Meeting or by Holders holding Bonds representing at least two thirds of the Adjusted Nominal Amount in matters dealt with in 12.1 c (i) and at least three quarters of the Adjusted Nominal Amount in matters dealt with in 12.1 c (ii).

14.3 Amendments of these Terms and Conditions shall be notified without delay by the Company in accordance with Condition 17, setting out the date from which the amendments will be effective.

15 Prescription

- 15.1** The right to receive payment of the Nominal Amount shall be statute-barred and become void ten (10) years from the Redemption Date. The right to receive payment of interest shall be statute-barred and become void three (3) years from the relevant due date for payment. The Company is entitled to any funds set aside for payments in respect of which the Holders right to receive payment has been statute-barred and has become void.
- 15.2** If such term of limitation periods are duly interrupted, in accordance with the Swedish Act on Limitations (1981:130), a new limitation period of ten (10) years with respect to the Nominal Amount, and of three (3) years with respect to interest payments will commence, in both cases calculated from the date of interruption of the limitation period as such date is determined pursuant with the provisions of the Swedish Act on Limitations.

16 Allocation of payments

If both the Nominal Amount and interest are due for payment and if the available funds are insufficient to discharge all the amounts due and payable, the available funds shall first be applied towards payment of interest and secondly towards payment of the Nominal Amount.

17 Notices

- 17.1** Notices from the Company or the Agent shall be given to the Holders at their addresses as registered with the CSD. In addition to this, notice may be given by advertisement in a nation-wide Swedish newspaper (any of Dagens Industri, Dagens Nyheter or Svenska Dagbladet) with the notice in its entirety or with reference to where the notice in its entirety is available.
- 17.2** Notices from the Holders to the Company shall be given to the Company with a copy to the Agent at the addresses set forth in Condition 1.
- 17.3** The language used for notices and communication under these Terms and Conditions shall be English.

18 Nominee registration

In respect of Bonds registered with authorised nominees in accordance with the Swedish Financial Instruments Accounts Act (1998:1479) the authorised nominee shall be deemed to be the Holder for the purpose of applying these Terms and Conditions (subject to the provisions about the voting right of the Holders in Condition 12).

19 Limitation of liability etc

- 19.1** The Agent and the CSD shall have no liability for damage caused by Swedish or foreign enactment, action taken by a Swedish or foreign authority, war, strike, blockade, boycott, lockout or other similar circumstance. This limitation of liability in the case of a strike, blockade, boycott or lockout also applies if the Agent or the CSD would itself initiate or become subject to such conflict.
- 19.2** The Agent shall have no liability for damage caused by the Agent acting as a representative for the Holders, aligned with the decisions made in accordance with Condition 12, unless directly caused by its gross negligence or wilful misconduct. This shall also apply to the Agent or affiliate to the Agent acting in another manner in relation to the Company within the scope of other dealings with the Company.

- 19.3** Damage caused in any other event will not be indemnified by the Agent and the CSD unless the damage is caused by negligence. In no event will indemnification be made for indirect damage.
- 19.4** Should the Agent or the CSD be prevented from performing their obligations due to the circumstances mentioned in Condition 19.1 above, performance may be postponed until fulfilment is no longer prevented by such events.
- 19.5** The provisions in this Condition 19 apply unless they are inconsistent with the provisions of the Swedish Financial Instruments Accounts Act (1998:1479) which provisions shall take precedence.

20 Governing law and jurisdiction

- 20.1** These Terms and Conditions shall be governed by and construed in accordance with the laws of the Kingdom of Sweden.
- 20.2** Any dispute or claim arising in relation to these Terms and Conditions shall be determined by Swedish courts, with the District Court of Stockholm to be the court of first instance.