

BASE PROSPECTUS

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

€15,000,000,000

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

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

Under this €15,000,000,000 Note Programme (the **Programme**) Kommuninvest i Sverige Aktiebolag (publ) (the **Issuer**) may from time to time issue notes (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer(s) (as defined below).

Each Series (as defined on page 28) of Notes will be guaranteed by certain county councils of Sweden and certain municipalities of Sweden. The final terms (the **Final Terms**) applicable to each Tranche (as defined on page 28) of Notes will specify the guarantors in relation to that Tranche as of the issue date of that Tranche. However, other county councils and municipalities of Sweden may subsequently become guarantors under the guarantee. The guarantee will be in, or substantially in, the form set out in Schedule 5 to the Agency Agreement (as defined on page 29). As at the date hereof the guarantee has already been given jointly and severally by 244 county councils and municipalities of Sweden. For further information on the guarantors at the date hereof see "Ownership and Guarantee" on page 56.

Subject as set out herein, the Notes will not be subject to any minimum or maximum maturity and the maximum aggregate nominal amount of all Notes from time to time outstanding will not exceed €15,000,000,000 (or its equivalent in other currencies calculated as described herein).

The Notes will be issued on a continuing basis to one or more of the Dealers specified on page 7 and any additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a **Dealer** and together the **Dealers**).

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

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

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

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

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

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

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

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

Arranger
Merrill Lynch International
Dealers

BofA Merrill Lynch
Commerzbank
Mizuho International plc

Citi
Deutsche Bank
Nomura International

UBS Investment Bank

The date of this Base Prospectus is 27 November 2009.

The Issuer having made all reasonable enquiries, confirms that this Base Prospectus contains all information with respect to itself, the guarantors set out on pages 54 to 67 and the Notes which is material in the context of the Programme, that the information contained in this Base Prospectus is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Base Prospectus are honestly held and that there are no other facts the omission of which would make any of such information or the expression of any such opinions or intentions misleading. The Issuer confirms that each Final Terms will be true and accurate in all material respects.

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

This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*" on page 5). This Base Prospectus shall be read and construed on the basis that such documents are incorporated in and form part of this Base Prospectus.

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

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

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

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

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

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the Securities Act), and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (see Subscription and Sale).

All references in this document to U.S. dollars, \$ and U.S. cents refer to the currency of the United States of America, those to SEK and Swedish kronor refer to the currency of Sweden and those to euro and € refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended (the Treaty).

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

DOCUMENTS INCORPORATED BY REFERENCE

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

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

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

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

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

GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, the Issuer may from time to time issue Notes denominated in any currency and having any maturity, subject as set out herein. A summary of the terms and conditions of the Programme and the Notes appears on pages 7 to 10. The applicable terms of any Notes will be agreed between the Issuer and the relevant Dealer(s) prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Final Terms attached to, or endorsed on, such Notes, as more fully described under **Form of the Notes** on page 16.

This Base Prospectus and any supplement will only be valid for listing Notes on the Luxembourg Stock Exchange in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed €15,000,000,000 or its equivalent in other currencies. For the purpose of calculating the euro equivalent of the aggregate amount of Notes issued under the Programme from time to time:

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

SUMMARY OF TERMS AND CONDITIONS OF THE PROGRAMME AND THE NOTES

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

- Issuer: Kommuninvest i Sverige Aktiebolag (publ)
- Guarantors: Each Series of Notes will be guaranteed by certain county councils and municipalities of Sweden. The Final Terms applicable to each Tranche of Notes will specify the guarantors in relation to that Tranche as of the issue date of that Tranche. However, other county councils and municipalities of Sweden may subsequently become guarantors. The guarantee will be in, or substantially in, the form set out in Schedule 5 to the Agency Agreement. As at the date hereof such a guarantee has already been given jointly and severally by the county councils and municipalities of Sweden set out on pages 56 to 61 for the commitments undertaken or to be undertaken by the Issuer, including the commitments of the Issuer in respect of the Notes. For further information on the guarantors at the date hereof see "*Ownership and Guarantee*" on page 56.
- Risk Factors: There are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme (see "*Risk Factors*").
- Description: Note Programme
- Arranger: Merrill Lynch International
- Dealers: Citigroup Global Markets Limited
Commerzbank Aktiengesellschaft
Deutsche Bank AG, London Branch
Merrill Lynch International
Mizuho International plc
Nomura International plc
UBS Limited
- Certain Restrictions: Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*" below).
- Notes with a maturity of less than one year: Notes having a maturity of less than one year from the date of their issue will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent.
- Issue Directly: The Issuer will be able to issue to person(s) other than the original Dealer by appointing such person(s) Dealer(s) for either a specific issue or issues or for the Programme.

Fiscal Agent:	Deutsche Bank AG, London Branch (the Agent).
Issuing Agent:	For Swedish Registered Notes, an account operator specifically authorised by Euroclear Sweden to process and register issues in the Euroclear Sweden system.
Amount:	€15,000,000,000 (or its equivalent in other currencies calculated as described herein on page 6) outstanding at any time. The Issuer will have the option at any time to increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Subject to any applicable legal or regulatory restrictions, any currency agreed between the Issuer and the relevant Dealer.
Maturities:	Any maturity, as indicated in the applicable Final Terms (except such other minimum or maximum maturity as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency). Save as provided above, the Notes are not subject to any maximum maturity.
Issue Price:	Notes may be issued on a fully paid or a partly paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	The Notes will be issued in bearer form, which may be new global note form, except for Swedish Registered Notes which will be issued in uncertificated and dematerialised book entry form.
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption, and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
Floating Rate Notes:	Floating Rate Notes will bear interest at a rate determined: <ul style="list-style-type: none"> (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or (c) on such other basis as may be agreed between the Issuer and the relevant Dealer.

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

Index Linked Notes:	Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer may agree.
Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes:	<p>Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both.</p> <p>Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer and specified in the applicable Final Terms.</p>
Dual Currency Notes:	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer may agree.
Zero Coupon Notes:	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
Redemption:	<p>The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.</p> <p>The applicable Final Terms may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Final Terms.</p> <p>Notes issued on the terms that they must be redeemed before the first anniversary may be subject to restrictions on their denomination and distribution, see "<i>Certain Restrictions – Notes with a maturity of less than one year</i>" above.</p>
Denomination of Notes:	Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency. See " <i>Certain Restrictions – Notes with a maturity of less than one year</i> " above.
Taxation:	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed within Sweden, subject to customary exceptions as provided in Condition 8 of the terms and conditions of the relevant Notes.

Negative Pledge:	The terms of Notes which are, unless otherwise specified in the applicable Final Terms, unsecured and unsubordinated will contain a negative pledge provision as described in Condition 3 of the terms and conditions of the relevant Notes.
Cross Default:	The terms of the Notes will contain a cross-default provision relating to any Borrowing of the Issuer as defined and further described in Condition 10 of the terms and conditions of the relevant Notes.
Status of the Notes:	Unless otherwise specified in the applicable Final Terms, the Notes will constitute direct, unconditional, general and (subject to the provisions of Condition 3 of the terms and conditions of the Notes) unsecured obligations of the Issuer and will rank <i>pari passu</i> , without any preference among themselves, with all other present or future outstanding, unsecured and unsubordinated obligations of the Issuer.
Status of the Guarantee:	The obligations of each guarantor will be joint and several and will constitute direct, unconditional, general and unsecured obligations of that guarantor and will rank <i>pari passu</i> with all other present or future outstanding unsecured and unsubordinated obligations of that guarantor. The guarantee in relation to a Series of Notes may be enforced separately in relation to each guarantor of that Series in the Courts of Sweden upon failure by the Issuer to perform any obligation in respect of the Notes of that Series and without exhaustion of remedies against the Issuer or any other guarantor of that Series.
Rating:	The Programme is rated by Moody's Investors Service Limited and by Standard and Poor's Rating Services, a division of the McGraw Hill Companies Inc. Tranches of Notes issued under the Programme may be rated or unrated. Where a tranche of Notes is rated, such rating will not necessarily be the same as the rating assigned to the Programme. The rating of any tranche of Notes to be issued under the Programme which has been rated will be specified in the applicable Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Listing and admission to trading:	<p>Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme up to the expiry of 12 months from the date of this Base Prospectus to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Notes may also be listed on such other or further stock exchange(s) or other relevant authorities as may be agreed between the Issuer and the relevant Dealer(s) in relation to each issue. Unlisted Notes may also be issued. The Final Terms relating to each issue will state whether or not the Notes are to be listed.</p> <p>Swedish Registered Notes will not be listed on the Luxembourg Stock Exchange.</p>
Governing Law:	The Notes (other than the Swedish Registered Notes) and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law. The Swedish Registered Notes and any non-contractual obligations arising out of or in connection with the Swedish Registered Notes will be governed by, and shall be construed in accordance with, Swedish law.

Selling Restrictions:

There are selling restrictions in relation to the United States, the United Kingdom, Canada, The Bahamas and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes. See "*Subscription and Sale*".

RISK FACTORS

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

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

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

The Notes may not be a suitable investment for all investors

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

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

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

Risks related to the structure of a particular issue of Notes

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

Notes subject to optional redemption by the Issuer

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

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

Index Linked Notes and Dual Currency Notes

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

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

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

Partly-paid Notes

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

Variable rate Notes with a multiplier or other leverage factor

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

Inverse Floating Rate Notes

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

Fixed/Floating Rate Notes

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

Notes issued at a substantial discount or premium

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

Risks related to Notes generally

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

Modification

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

Notes where denominations involve integral multiples: definitive Notes

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

definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

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

EU Savings Directive

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

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

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

Risks related to the market generally

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

The secondary market generally

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

Exchange rate risks and exchange controls

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

relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

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

Interest rate risks

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

Credit ratings may not reflect all risks

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

Financial Crisis

The crisis on the international financial markets, which began in the second half of 2007, intensified in the third quarter of 2008, with the effect that extensive guarantee and stabilisation measures were initiated for the financial system by state institutions. In particular the insolvency of Lehman Brothers in September led to a re-evaluation of default risks, even from major financial system counterparties. As a result, established refinancing sources largely dried up and a string of major market players became illiquid. Impairments taken across almost all asset classes drastically impacted income statements in the financial sector. It remains to be seen whether the government measures will create confidence on the markets, thus achieving a turning point in the crisis.

This currently ongoing financial crisis, which is mainly characterized by a significant decline in trading activities, by decreased trading volumes, by a lower number of transactions and even sometimes a complete lack of trades, by increased price fluctuation, and by substantially increased volatility accompanied by a rise in the credit spreads due to lower ratings and increased illiquidity in some markets, may have an aggravating impact on the risk factors described in this section "Risk Factors", in particular on the risk that there is no active trading market for the Notes and on the liquidity risk. The Issuer cannot exclude to be affected by these turbulences.

Legal investment considerations may restrict certain investments

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

FORM OF THE NOTES

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

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

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

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

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification.

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

Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Agent.

The following legend will appear on all Notes which have an original maturity of 365 days or more and on all receipts and interest coupons relating to such Notes:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 16(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

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

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

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

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

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

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

A Note may be accelerated automatically by the holder thereof in certain circumstances described in Condition 10. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then, unless within the period of seven days commencing on the relevant due date payment in full of the amount due in respect of the Global Note is received by the bearer in accordance with the provisions of the Global Note, the Global Note will become void at 8.00 p.m. (London time) on such day. At the same time, holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg on and subject to the terms of a deed of covenant (the **Deed of Covenant**) dated 28 November 2008, executed by the Issuer.

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

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

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Rate[(s)] of Interest: []% per annum [payable [annually/semi-annually/quarterly] in arrear] *(if payable other than annually, consider amending Condition 5)*
- (b) Interest Payment Date(s): [[] in each year up to and including the Maturity Date]/[specify other] *(NB: This will need to be amended in the case of long or short coupons)*
- (c) Fixed Coupon Amount(s): [] per Calculation Amount
- (d) Broken Amount(s): [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []
- (e) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or specify other]
- (f) Determination Date(s): [] in each year

[Insert regular interest payment dates, ignoring issue date or maturity date in the case of long or short first or last coupon] (NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration)

[NB: Only relevant where Day Count Fraction is Actual/Actual (ICMA)]
- (g) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/Give details]
14. **Floating Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Specified Period(s)/Specified Interest Payment Dates: []

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

Actual 360
 30/360
 30E/360
 30E/360 (ISDA)
 Other]
 (See Condition 5 for alternatives)

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

15. Zero Coupon Note Provisions

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

- (a) Accrual Yield: []% per annum
 (b) Reference Price: []
 (c) Any other formula/basis of determining amount payable: []
 (d) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 7.5(c) and 7.10 apply/specify other]

16. Index Linked Interest Note Provisions

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

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

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

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

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

PROVISIONS RELATING TO REDEMPTION

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

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

19. Investor Put: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

- (a) Optional Redemption Date(s): []
- (b) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [[] per Calculation Amount/*specify other/* see Appendix]
- (c) Notice period (if other than as set out in the Conditions): []
20. Final Redemption Amount: [[] per Calculation Amount/*specify other/* see Appendix]
21. Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 7.5): [As per Condition 7.5/[] per Calculation Amount/*specify other/*see Appendix]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22. (a) Form of Notes: [Uncertificated and dematerialised book entry form for Swedish Registered Notes].
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event].]
- [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date].
- [Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event].]
- (b) New Global Note [Yes][No]
23. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/*give details*]
- (This item is not applicable to Swedish Registered Notes. Note that this item relates to the place of payment and not Interest Period end dates to which items 14(iii) and 16(vii) relate)*
24. Talons for future Coupon or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
25. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and, if different from those specified in the Temporary Global Note, [Not Applicable/*give details. NB: a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues*]

consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:

26. Details relating to Instalment Notes: [Not Applicable/*give details*]
- (a) Instalment Amount(s): [Not Applicable/*give details*]
- (b) Instalment Date(s): [Not Applicable/*give details*]
27. Redenomination: Redenomination [not] applicable
(if Redenomination is applicable, specify the terms of the redenomination in an Annex to the Final Terms)
28. Other final terms: [Not Applicable/*give details*]
29. The names of the guarantors as at the issue date of the relevant Tranche and details of the date, form and other relevant details of the guarantee given by such guarantors: See attached guarantee dated 7 May 1993, as amended

DISTRIBUTION

30. (a) If syndicated, names of Managers: [Not Applicable/*give names*]
- (b) Stabilising Manager(s) (if any): [Not Applicable/*give name(s)*]
- (c) Names of Financial Intermediaries (if any): [Not Applicable]/*give name(s)*
31. If non-syndicated, name of relevant Dealer: []
32. Total commission and concession: []% of the Aggregate Nominal Amount
33. U.S. Selling Restrictions: [Reg S Compliance Category []]; TEFRA D/TEFRA C/TEFRA not applicable]
34. Additional selling restrictions: [Not Applicable/*give details*]

[LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required for admission to the Official List of the Luxembourg Stock Exchange and admission to trading on the regulated market of the Luxembourg Stock Exchange of the issue of Notes described herein pursuant to the €15,000,000,000 Note Programme of Kommuninvest i Sverige Aktiebolag (publ).]

RESPONSIBILITY

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

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

By:

Duly authorised

PART 2

OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

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

[Not Applicable.]

2. RATINGS

Ratings: The Notes to be issued have been rated:

[Moody's: []]

[S&P: []]

[[*Other*]: []]

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

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

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

[(b)] Estimated net proceeds: []

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

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

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

Indication of yield: []

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

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

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

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

6. PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS (*Index-Linked Interest Notes only*)

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

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

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

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

8. OPERATIONAL INFORMATION

- (a) ISIN Code: []
- (b) Common Code: []
- (c) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)/Euroclear Sweden AB. Euroclear Sweden identification number: []. The Issuer shall be entitled to obtain information from the register maintained by Euroclear Sweden [for the purposes of performing its obligation under the issue of the Notes]*]
- (d) Delivery: Delivery [against/free of] payment
- (e) Names and address of additional or alternative Paying Agent(s) (if any): []
- (f) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes] [No]
- [Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the International Central Securities Depositories (ICSDs) as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] [*include this text if "yes" selected in which case the Notes must be issued in NGN form*]

TERMS AND CONDITIONS OF THE NOTES

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

This Note is one of a series of Notes issued by Kommuninvest i Sverige Aktiebolag (publ) (the **Issuer**). Reference herein to the **Notes** shall be references to the Notes of this Series (as defined below) and shall mean (a) in relation to any Notes represented by a global Note, units of each Specified Denomination in the Specified Currency, (b) definitive Notes issued in exchange (or part exchange) for a global Note, (c) any global Note, and (d) Notes in registered form in accordance with the Swedish Financial Instruments Accounts Act (SFS 1998:1479), as amended (**Swedish Registered Notes**), cleared through the Swedish Central Securities Depository & Clearing Organisation, the Euroclear Sweden AB (**Euroclear Sweden**). Except in the case of Swedish Registered Notes, the Notes, the Coupons and the Receipts (each as defined below) also have the benefit of an amended and restated agency agreement dated 27 November 2009 among the Issuer, Deutsche Bank AG, London Branch (the **Agent**, which expression shall include any alternative or successor agent specified in the applicable Final Terms) and the other paying agent named therein (together with the Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents) (the **Agency Agreement** as the same may be amended or supplemented from time to time). The Notes, the Coupons and the Receipts also have the benefit of a Guarantee (the **Guarantee**) details of which are set out in the applicable Final Terms.

Interest bearing definitive Notes (unless otherwise indicated in the applicable Final Terms) have interest coupons (**Coupons**) and, if indicated in the applicable Final Terms, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Notes repayable in instalments have receipts (**Receipts**) for the payment of the instalments of principal (other than the final instalment) attached on issue. Any reference herein to **Noteholders** shall mean the holders of the Notes, and shall, in relation to any Notes represented by a global Note and in relation to Swedish Registered Notes, be construed as provided below. Any reference herein to **Receiptholders** shall mean the holders of the Receipts and any reference herein to **Couponholders** shall mean the holders of the Coupons, and shall, unless the context otherwise requires, include the holders of Talons. Swedish Registered Notes are in dematerialised form and, for the avoidance of doubt, any references in these Terms and Conditions to Receipts, Coupons and Talons shall not apply to Swedish Registered Notes.

The final terms for this Note are (except in the case of Swedish Registered Notes) set out in Part 1 of the Final Terms attached hereto or incorporated hereon which supplement these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note. References herein to the **applicable Final Terms** are to the Final Terms which is (except in the case of Swedish Registered Notes) attached hereto or endorsed hereon.

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

The holders of bearer Notes, the Receiptholders and the Couponholders are entitled to the benefit of the Deed of Covenant (the **Deed of Covenant**) dated 28 November 2008 and made by the Issuer. The original of the Deed of Covenant is held by a common depository on behalf of Euroclear and Clearstream, Luxembourg (each as defined below).

Copies of the Agency Agreement (which contains the form of the Final Terms), the Guarantee and the Deed of Covenant are available for inspection at the specified offices of each of the Agent and the other Paying Agents. Copies of the Final Terms applicable to this Note (if this Note is a listed Note) will be available free of charge from the registered office of the Issuer and from the specified offices of the Paying Agents for the time being in London and Luxembourg. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement (other than the holders of Swedish Registered Notes) and the applicable Final Terms, which are binding on them.

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

1. FORM, DENOMINATION AND TITLE

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

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

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

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

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

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

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

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

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

2. STATUS OF THE NOTES

Unless otherwise specified in the applicable Final Terms, the Notes and the relative Receipts and Coupons are direct, unconditional, general and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and rank and will rank *pari passu*, without any preference among themselves, with all other present or future outstanding unsecured and unsubordinated obligations of the Issuer.

3. NEGATIVE PLEDGE

3.1 Negative Pledge

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

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

3.2 Interpretation

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

4. GUARANTEE

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

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

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

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

5. INTEREST

5.1 Interest on Fixed Rate Notes

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

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

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

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

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

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

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 5.1:

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

number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Terms and Conditions:

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

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

5.2 Interest on Floating Rate Notes and Index Linked Interest Notes

(a) Interest Payment Dates

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

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

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

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

- (A) in any case where Specified Periods are specified in accordance with Condition 5.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

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

- I. a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre specified in the applicable Final Terms; and
- II. either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open.

(b) Rate of Interest

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

(i) ISDA Determination

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

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

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

When this subparagraph (i) applies, in respect of each relevant Interest Period the Agent or that other person specified in the applicable Final Terms will be deemed to have discharged its obligations under Condition 5.2(d) in respect of the determination of the Rate of Interest if it has determined the Rate of Interest in respect of such Interest Period in the manner provided in this subparagraph (i).

(ii) Screen Rate Determination for Floating Rate Notes

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

(A) the offered quotation; or

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

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

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

If on any Interest Determination Date one only or none of the Reference Books provides the Agent (or, in the case of Swedish Registered Notes, the Calculation Agent) with such offered quotations as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent (or, in the case of Swedish Registered Notes, the Calculation Agent) determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Agent (or, in the case of Swedish Registered

Notes, the Calculation Agent) by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Agent (or, in the case of Swedish Registered Notes, the Calculation Agent) it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

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

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

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

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

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

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

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

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

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

Day Count Fraction means, in respect of the calculation of an amount of interest for any Interest Period in accordance with this Condition 5.2:

- (i) if **Actual/Actual (ISDA)** or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if **Actual/365 (Fixed)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if **Actual/365 (Sterling)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if **Actual/360** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if **30/360**, **360/360** or **Bond Basis** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

(e) Notification of Rate of Interest and Interest Amounts

The Agent or, in the case of Swedish Registered Notes, the Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, and the Agent (or, in the case of Swedish Registered Notes, the Issuer) will cause notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter and to any stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed by no later than the first day of the following Interest Period. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed (in the case of bearer Notes) and to the Noteholders in accordance with Condition 14. For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

(f) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5 whether by the Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the Calculation Agent (if applicable) the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Agent or the Calculation Agent (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

5.3 Interest on Dual Currency Interest Notes

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

5.4 Interest on Partly Paid Notes

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

5.5 Accrual of Interest

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

In such event in respect of bearer Notes, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given in accordance with Condition 14.

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

6. PAYMENTS

6.1 Method of Payment

Subject as provided below:

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

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8.

6.2 Presentation of definitive Notes, Receipts and Coupons

Payments of principal and interest in respect of Swedish Registered Notes will be made to the persons registered as Noteholders in the register maintained by Euroclear Sweden on the fifth Stockholm business day (or in accordance with the rules and procedures applied by Euroclear Sweden from time to time) prior to the due date for such payment, or such other Stockholm business day falling closer to the due date as then may be stipulated in said rules and procedures. The remaining provisions of this Condition 6.2 shall apply only to bearer Notes.

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 6.1 above only against surrender of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against surrender of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principal (if any), other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt. Payment of the final instalment will be made against surrender of the relevant Note. Each Receipt must be presented for payment of the relevant instalment together with the definitive Note to which it appertains. Receipts presented without the definitive Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive form (other than Dual Currency Notes, Index Linked Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons failing to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such

missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due. Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof. A "Long Maturity Note" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

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

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

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of such Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by such Paying Agent and such record shall be *prima facie* evidence that the payment in question has been made.

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

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

- (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of interest on the Notes in the manner provided above when due;
- (b) payment of the full amount of such interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of interest in U.S. dollars; and

- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

6.3 Payment Day for bearer Notes

This Condition 6.3 shall apply only to bearer Notes. If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, unless otherwise specified in the applicable Final Terms, **Payment Day** means any day which (subject to Condition 9) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (i) the relevant place of presentation;
 - (ii) London;
 - (iii) each Additional Financial Centre specified in the applicable Final Terms; and
- (b) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, London and any Additional Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

6.4 Payment Date for Swedish Registered Notes

If the date for payment of any amount in respect of Swedish Registered Notes is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, unless otherwise specified in the applicable Final Terms, **Payment Day** means any day which (subject to Condition 9) is a day on which commercial banks are open for general business in Stockholm.

6.5 Interpretation of Principal and Interest

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

- (a) any additional amounts which may be payable with respect to principal under Condition 8;
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes;
- (e) in relation to Notes redeemable in instalments, the Instalment Amounts;

- (f) in relation to Zero Coupon Notes, the Amortised Face Amount; and
- (g) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8.

7. REDEMPTION AND PURCHASE

7.1 At Maturity

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

7.2 Redemption for Tax Reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of the Notes other than Floating Rate Notes or Index Linked Interest Notes) or on any Interest Payment Date (in the case of Floating Rate Notes or Index Linked Interest Notes), on giving not less than 30 nor more than 60 days' notice in accordance with Condition 14 to the Noteholders (which notice shall be irrevocable) and, in the case of bearer Notes, to the Agent, if:

- (a) as a result of any change in, or amendment to the laws or regulations of Sweden or any political sub-division of, or any authority in, or of, Sweden having power to tax, or any change in the application of official interpretation of the laws or regulations, which change or amendment becomes effective after the Issue Date of the first Tranche of the Notes on the occasion of the next payment due in respect of the Notes, the Issuer would be required to pay additional amounts as provided or referred to in Condition 8; and
- (b) the requirement cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days before the earliest date on which the Issuer would be required to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Agent (or, in the case of Swedish Registered Notes, to Euroclear Sweden) a certificate signed by two Directors of the Issuer stating that the requirement referred to in (a) above will apply on the occasion of the next payment due in respect of the Notes and cannot be avoided by the Issuer taking reasonable measures available to it and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of the change or amendment.

Notes redeemed pursuant to this Condition 7.2 will be redeemed at their Early Redemption Amount referred to in Condition 7.5 below together (if appropriate) with interest accrued to (but excluding or, in the case of Swedish Registered Notes, and including), the date of redemption.

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

If the Issuer is specified in the applicable Final Terms as having an option to redeem (an **Issuer Call**), the Issuer may, having given not less than 15 nor more than 30 days' notice in accordance with Condition 14 to the Noteholders (which notice shall be irrevocable) and in the case of bearer Notes,

to the Agent, redeem all or some only of the Notes then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding or, in the case of Swedish Registered Notes, and including), the Optional Redemption Date(s). Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount or not more than a Higher Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), in the case of Redeemed Notes represented by a Global Note, and in accordance with the rules of Euroclear Sweden in the case of Swedish Registered Notes, in each case not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Notes represented by definitive Notes, a list of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this Condition 7.3 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least five days prior to the Selection Date.

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

If the Noteholders are specified in the applicable Final Terms as having an option to redeem (an **Investor Put**) upon the holder of any Note giving to the Issuer in accordance with Condition 14 not less than 15 nor more than 30 days, notice or such other period of notice as is specified in the applicable Final Terms (which notice shall be irrevocable), the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, in whole (but not in part), such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding or, in the case of Swedish Registered Notes, and including), the Optional Redemption Date. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Final Terms.

To exercise the right to require redemption of this Note the holder of this Note must deliver, at the specified office of any Paying Agent (or, in the case of Swedish Registered Notes, the Issuing Agent) at any time during normal business hours of such Paying Agent (or the Issuing Agent) falling within the notice period, a duly signed and completed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (or the Issuing Agent) (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition accompanied if this Note is in definitive form, by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

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

Any Put Notice given by a holder of any Note pursuant to this Condition 7.4 shall be irrevocable except where prior to the due date of redemption an Event of Default shall have occurred and be continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 7.4 and instead to declare such Note forthwith due and payable pursuant to Condition 10.

In the case of Notes represented by a Global Note, the right to require redemption of such Notes in accordance with this Condition 7.4 must be exercised in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg. Notwithstanding the foregoing, in the case of Swedish Registered Notes, the right to require redemption of such Notes in accordance with this Condition 7.4 must be exercised in accordance with the rules and procedures of Euroclear Sweden and if there is any inconsistency between the foregoing and the rules and procedures of Euroclear Sweden, the rules and procedures of Euroclear Sweden shall prevail.

7.5 Early Redemption Amounts

For the purpose of Condition 7.2 above and Condition 10, the Notes will be redeemed at the Early Redemption Amount calculated as follows:

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

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

where:

RP means the Reference Price;

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

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

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

7.6 Instalments

If the Notes are repayable in instalments, they will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Final Terms. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 7.5 above.

7.7 Partly Paid Notes

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

7.8 Purchases

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

7.9 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All bearer Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 7.9 above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

7.10 Late Payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 7.1, 7.2, 7.3 or 7.4 above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 7.5(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which, in respect of bearer Notes, is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given to the Noteholder in accordance with Condition 14 or individually.

In such event in respect of Swedish Registered Notes, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Conditions 7.5(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date upon which the holders of the Swedish Registered Notes receive the full amount of such payment.

8. TAXATION

All payments in respect of the Notes, Receipts and Coupons by the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed or levied by or on behalf of Sweden; or any political sub-division of, or any authority in, Sweden having power to tax, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after the withholding or deduction, shall equal the respective amounts which would have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (a) to, or to a third party on behalf of, a Noteholder, Receiptholder or Couponholder who is liable to the Taxes in respect of such Note, Receipt or Coupon by reason of his having some connection with Sweden other than the mere holding of such Note, Receipt or Coupon; or

- (b) to, or to a third party on behalf of, a Noteholder, Receiptholder or Couponholder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
- (c) in the case of the bearer Notes, presented for payment more than 30 days after the Relevant Date (as defined below), except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days; or
- (d) in the case of the bearer Notes, presented for payment in Sweden; or
- (e) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (f) in the case of the bearer Notes, presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used herein, **Relevant Date** means the date on which such payment first becomes due, but, if the full amount of the money payable has not been received by the Agent (or, in the case of Swedish Registered Notes, the holders of the Swedish Registered Notes) on or before such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14.

9. PRESCRIPTION

The Notes, Receipts and Coupons will become void unless presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6.2 or any Talon which would be void pursuant to Condition 6.2.

In the case of Swedish Registered Notes, claims against the Issuer for the payment of principal and interest payable in respect of the Notes shall be prescribed unless made within ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date therefor and thereafter any principal or interest payable in respect of such Notes shall be forfeited and revert to the Issuer.

10. EVENTS OF DEFAULT

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

- (a) there is a default in the payment of principal or any interest due on the Notes for more than ten days; or
- (b) there is a default in the performance by the Issuer of any other obligation under these Conditions which continues for more than 21 days after notice thereof shall have been given to the Issuer (which, in the case of bearer Notes shall be at the specified office of the Agent); or

- (c) any Borrowing of the Issuer shall be accelerated so as to become due and payable prior to the due date therefor by reason of any default thereunder by the Issuer or any such Borrowing shall not be repaid on the due date thereof or within any applicable grace period, provided that no event described in this Condition 10 shall constitute an Event of Default unless the Borrowing or other relative liability either alone or when aggregated with other Borrowing and/or other liabilities relative to all (if any) other events which shall have occurred and be continuing shall amount to at least €30,000,000 (or its equivalent in any other currency); or
- (d) an order is made or an effective resolution passed for the dissolution or liquidation of the Issuer, or the Issuer is adjudicated or found bankrupt or insolvent by any competent court, or the Issuer ceases or threatens to cease to carry on all or a substantial part of its business or disposes or threatens to dispose of the whole or a substantial part of its assets; or
- (e) the Issuer is unable to pay its debts as they fall due, or an encumbrancer takes possession of the whole or any substantial part of the property of the Issuer, or the Issuer makes an assignment for the benefit of its creditors, or any proceedings are instituted or other action is taken under any applicable bankruptcy, insolvency or similar law in respect of the Issuer seeking adjudication as a bankrupt or insolvent, a moratorium or a composition, or the appointment of a liquidator or receiver (or similar official) in bankruptcy or insolvency of the Issuer or any substantial part of its property, and any such proceedings or other action remains in effect for more than 30 days, or an order is made or effective resolution passed by the Issuer applying for or granting a suspension of payments; or
- (f) the Guarantee of the obligations of the Issuer in respect of the Notes ceases in respect of all the Guarantors to be, or is claimed by all the Guarantors not to be, in full force and effect,

then any Noteholder may, by written notice to the Issuer (which, in the case of bearer Notes shall be at the specified office of the Agent), effective upon the date of receipt thereof by the Issuer or, as applicable, the Agent, declare the Note held by the holder to be forthwith due and payable, whereupon the same shall become forthwith due and payable at the Early Redemption Amount (as described in Condition 7.5), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

For the purposes of paragraph (c) above, **Borrowing** means any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of (i) money borrowed, (ii) liabilities under or in respect of any acceptances, or acceptance credit or iii) any notes, bonds, debentures, debenture stock, loan stock or other securities offered, issued or distributed, whether by way of public offer, private placing, acquisition consideration or otherwise and whether issued for cash in whole or in part for a consideration other than cash.

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

11. **REPLACEMENT OF BEARER NOTES, RECEIPTS, COUPONS AND TALONS**

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

12. AGENT AND PAYING AGENTS

12.1 Bearer Notes

The following shall apply only to bearer Notes.

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

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

- (a) so long as the Notes are listed on any stock exchange, there will at all times be a Paying Agent (which may be the Agent) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange (or other relevant authority);
- (b) there will at all times be a Paying Agent (which may be the Agent) with a specified office in a city in a principal financial centre in continental Europe;
- (c) there will at all times be an Agent; and
- (d) there will at all times be a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 6.2. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14.

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

12.2 Swedish Registered Notes

The following shall apply only to Swedish Registered Notes.

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

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

13. EXCHANGE OF TALONS

On and after the Fixed Interest Date or the Interest Payment Date, as appropriate, on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Notes to which it appertains) a further Talon, subject to the provisions of Condition 9. Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Fixed Interest Date or the Interest Payment Date (as the case may be) on which the final Coupon comprised in the relative Coupon sheet matures.

14. NOTICES

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

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

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

Notices to be given by any holder of the bearer Notes shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Agent via Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

15. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

15.1 Bearer Notes

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or certain provisions of the Agency Agreement. The quorum at any meeting for passing an Extraordinary Resolution is one or more persons present holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons present whatever the nominal amount of the Notes so held or represented by him or them, except that at any meeting the business of which includes the modification of certain provisions of the Notes, Receipts or Coupons (including

modifying the date of maturity of the Notes or any date for payment of interest thereof, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, Receipts or Coupons), the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

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

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

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

15.2 Swedish Registered Notes

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

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

Any such modification shall be binding on the Noteholders and shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

16. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders, Receiptholders or Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single series with the outstanding Notes.

17. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

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

18. GOVERNING LAW AND SUBMISSION TO JURISDICTION

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

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

The Issuer irrevocably agrees for the benefit of the holders of bearer Notes, the Receiptholders and the Couponholders, that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Agency Agreement, the bearer Notes, the Receipts and/or the Coupons (including any disputes relating to any non-contractual obligations which may arise out of or in connection with the Agency Agreement, the bearer Notes, the Receipts and/or the Coupons) and that accordingly any suit, action, or proceedings arising out of or in connection therewith, including any suit, action or proceedings relating to any non-contractual obligations arising out of or in connection with Agency Agreement, the bearer Notes, the Receipts and/or the Coupons) (together referred to as **Proceedings**) may be brought in the courts of England. The Issuer irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any Proceedings in the courts of England and any claim that any Proceedings have been brought in an inconvenient forum and irrevocably agrees that a judgment in any Proceedings brought in the courts of England shall be conclusive and binding upon the Issuer and may be enforced in the courts of any other jurisdiction. Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer in any other court of competent, jurisdiction; and the taking of Proceedings in one or more jurisdictions shall not preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

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

USE OF PROCEEDS

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

KOMMUNINVEST I SVERIGE AKTIEBOLAG (publ)

Incorporation, Purpose and Historical Development

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

The benefits offered by co-operation with other municipalities soon attracted municipalities from outside the County of Örebro and Kommuninvest i Örebro län AB was renamed to reflect the expansion of membership throughout Sweden. The name Kommuninvest i Sverige Aktiebolag was adopted on 26 March 1993. Since then the volume of business and the number of Members have increased significantly. The Members now represent approximately 82% of the Swedish municipalities. As a result of EC legislation, Kommuninvest was classified as a public entity on 1 November 1995 with the result that the word "(publ)" now appears at the end of its name.

Legal Status and Registered Office

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

The registered office of Kommuninvest is:

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

Business Strategy and Spheres of Operation

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

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

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

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

Ownership and Guarantee

Kommuninvest has an authorised share capital of SEK 800,000,000 and a total subscribed and paid-up and issued share capital of SEK 259,620,000 divided into 2,596,200 shares of SEK 100 each and is 100% owned by Kommuninvest Co-operative Society (the **Society**). It is anticipated that the share capital of Kommuninvest will be increased periodically in step with the enlargement of the Society's membership.

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

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

As at 3 November 2009, the 244 municipalities (seven of them counties) listed below are Members of the Society and have, therefore, entered into the joint and several Guarantee.

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

The Members and their contributions to the participation capital of the Society are as follows (as at 3 November 2009):

Member/Name of Guarantors:	No.	Participation capital (SEK)	Percentage
Gävle Municipality	1	3,114,157	1.20%
Umeå Municipality	2	3,248,912	1.25%
Trollhättans Municipality	3	1,795,932	0.69%
Lindesbergs Municipality	4	876,636	0.34%
Uddevalla Municipality	5	1,671,497	0.65%
Vänersborgs Municipality	6	1,288,093	0.50%
Sandvikens Municipality	7	1,342,124	0.52%
Varbergs Municipality	8	1,749,061	0.68%
Mjölby Municipality	9	921,133	0.36%
Örebro County Council	10	4,613,307	1.78%
Örebro Municipality	11	3,826,057	1.48%
Kumla Municipality	12	606,891	0.23%
Laxå Municipality	13	262,082	0.10%
Ljusnarsbergs Municipality	14	207,795	0.08%
Karlskoga Municipality	15	1,194,821	0.46%
Hallsbergs Municipality	16	581,566	0.22%
Degerfors Municipality	17	396,238	0.15%
Askersunds Municipality	18	396,238	0.15%
Nora Municipality	19	345,071	0.13%
Hällefors Municipality	20	325,850	0.13%

Member/Name of Guarantors:	No.	Participation capital (SEK)	Percentage
Härnösands Municipality	21	965,384	0.37%
Ale Municipality	22	926,411	0.36%
Norbergs Municipality	23	248,435	0.10%
Karlskrona Municipality	24	2,198,230	0.85%
Skellefteå Municipality	25	2,655,644	1.03%
Västerviks Municipality	26	1,470,583	0.57%
Fagersta Municipality	27	505,752	0.20%
Gotlands Municipality	28	2,131,163	0.82%
Alingsås Municipality	29	1,261,714	0.49%
Smedjebackens Municipality	30	486,061	0.19%
Boxholms Municipality	31	210,976	0.08%
Ockelbo Municipality	32	240,108	0.09%
Tanums Municipality	33	457,708	0.18%
Borlänge Municipality	34	1,762,694	0.68%
Strömsunds Municipality	35	584,962	0.23%
Kungsbacka Municipality	36	2,117,653	0.82%
Valdemarsviks Municipality	37	328,199	0.13%
Eda Municipality	38	350,740	0.14%
Gnosjö Municipality	39	363,547	0.14%
Övertorneå Municipality	40	230,653	0.09%
Hedemora Municipality	41	626,084	0.24%
Luleå Municipality	42	2,583,318	1.00%
Falu Municipality	43	2,028,079	0.78%
Landskrona Municipality	44	1,344,921	0.52%
Arboga Municipality	45	538,620	0.21%
Munkedals Municipality	46	409,739	0.16%
Orust Municipality	47	556,388	0.21%
Falkenbergs Municipality	48	1,529,931	0.59%
County Council of Sörmland	49	4,520,946	1.75%
Katrineholms Municipality	50	1,155,966	0.45%
Vadstena Municipality	51	304,052	0.12%
Pajala Municipality	52	331,186	0.13%
Piteå Municipality	53	1,616,401	0.62%
Kristianstads Municipality	54	2,891,002	1.12%
Bergs Municipality	55	339,742	0.13%
Vårgårda Municipality	56	418,847	0.16%
Ödeshögs Municipality	57	238,140	0.09%
Orsa Municipality	58	272,271	0.11%
Svedala Municipality	59	712,640	0.28%
Lomma Municipality	60	692,596	0.27%
Lekebergs Municipality	61	278,820	0.11%
Kungsörs Municipality	62	337,801	0.13%
Tjörns Municipality	63	578,397	0.22%
Staffanstorps Municipality	64	736,921	0.28%
Härryda Municipality	65	1,130,098	0.44%
Grums Municipality	66	409,656	0.16%
Höganäs Municipality	67	906,060	0.35%
Ängelholms Municipality	68	1,429,635	0.55%
Flens Municipality	69	690,814	0.27%
Essunga Municipality	70	261,561	0.10%
Nordmalings Municipality	71	351,048	0.14%

Member/Name of Guarantors:	No.	Participation capital (SEK)	Percentage
Oskarshamns Municipality	72	1,168,472	0.45%
Båstads Municipality	73	604,208	0.23%
Storumans Municipality	74	347,756	0.13%
Älvdalens Municipality	75	384,597	0.15%
Sunne Municipality	76	597,179	0.23%
Hjo Municipality	77	430,182	0.17%
Mönsterås Municipality	78	628,793	0.24%
Malå Municipality	79	186,126	0.07%
Högsby Municipality	80	326,529	0.13%
Torsby Municipality	81	685,411	0.26%
Lycksele Municipality	82	641,276	0.25%
Bengtsfors Municipality	83	532,386	0.21%
Åstorps Municipality	84	611,540	0.24%
Simrishamns Municipality	85	939,144	0.36%
Vimmerby Municipality	86	745,957	0.29%
Hultsfreds Municipality	87	763,911	0.29%
Mörbylånga Municipality	88	638,330	0.25%
Arvika Municipality	89	1,249,870	0.48%
Hammarö Municipality	90	662,501	0.26%
Karlshamns Municipality	91	1,460,450	0.56%
Skara Municipality	92	873,129	0.34%
Sävsjö Municipality	93	551,508	0.21%
Skurups Municipality	94	639,312	0.25%
Vindelns Municipality	95	298,851	0.12%
Rättviks Municipality	96	524,858	0.20%
Melleruds Municipality	97	483,060	0.19%
Färgelanda Municipality	98	342,613	0.13%
Söderköpings Municipality	99	646,138	0.25%
Vetlanda Municipality	100	1,277,876	0.49%
Herrljunga Municipality	101	447,341	0.17%
Laholms Municipality	102	1,068,185	0.41%
County Council of Gävleborg	103	6,597,576	2.55%
Marks Municipality	104	1,548,816	0.60%
Leksands Municipality	105	723,703	0.28%
Strömstads Municipality	106	510,411	0.20%
Upplands-Bro Municipality	107	958,221	0.37%
Alvesta Municipality	108	896,319	0.35%
Kalix Municipality	109	860,645	0.33%
Bräcke Municipality	110	422,405	0.16%
Örkelljunga Municipality	111	513,989	0.20%
Götene Municipality	112	714,283	0.28%
Ovanåkers Municipality	113	721,324	0.28%
Ydre Municipality	114	236,410	0.09%
Bollebygds Municipality	115	442,437	0.17%
Torsås Municipality	116	419,092	0.16%
Habo Municipality	117	533,574	0.21%
Gagnefs Municipality	118	559,195	0.22%
Sotenäs Municipality	119	530,050	0.20%
Köpings Municipality	120	1,364,267	0.53%
Bodens Municipality	121	1,574,130	0.61%
Tranemo Municipality	122	660,686	0.26%

Member/Name of Guarantors:	No.	Participation capital (SEK)	Percentage
Nässjö Municipality	123	1,618,920	0.62%
Kinda Municipality	124	554,642	0.21%
Sigtuna Municipality	125	1,960,913	0.76%
Karlsborgs Municipality	126	335,636	0.13%
Robertsfors Municipality	127	336,863	0.13%
Älvsbyns Municipality	128	469,890	0.18%
Mora Municipality	129	1,136,992	0.44%
Tranås Municipality	130	1,003,229	0.39%
Eksjö Municipality	131	859,897	0.33%
Heby Municipality	132	724,909	0.28%
Oxelösunds Municipality	133	588,691	0.23%
Haninge Municipality	134	3,728,377	1.44%
Kungälv Municipality	135	2,027,714	0.78%
Tomelilla Municipality	136	585,833	0.23%
Växjö Municipality	137	3,831,097	1.48%
Trelleborgs Municipality	138	2,012,950	0.78%
Lessebo Municipality	139	453,426	0.18%
Säters Municipality	140	463,260	0.18%
Ånge Municipality	141	580,118	0.22%
County Council of Västmanland	142	2,712,506	1.05%
Ljusdals Municipality	143	964,483	0.37%
Norsjö Municipality	144	208,874	0.08%
Hofors Municipality	145	626,622	0.24%
Överkalix Municipality	146	207,412	0.08%
Kils Municipality	147	620,969	0.24%
Härjedalens Municipality	148	620,969	0.24%
County Council of Värmland	149	3,137,744	1.21%
Eslövs Municipality	150	1,583,682	0.61%
Mullsjö Municipality	151	342,871	0.13%
Vingåkers Municipality	152	436,403	0.17%
Munkfors Municipality	153	204,033	0.08%
Ystads Municipality	154	1,428,228	0.55%
Säffle Municipality	155	882,311	0.34%
Bollnäs Municipality	156	1,425,271	0.55%
Storfors Municipality	157	203,188	0.08%
Huddinge Municipality	158	4,673,319	1.80%
Håbo Municipality	159	1,013,827	0.39%
Gällivare Municipality	160	1,008,857	0.39%
County Council of Uppsala län	161	3,368,405	1.30%
Kramfors Municipality	162	1,139,616	0.44%
Haparanda Municipality	163	603,326	0.23%
Krokoms Municipality	164	739,828	0.29%
Arvidsjaur Municipality	165	334,629	0.13%
Mariestads Municipality	166	1,269,492	0.49%
Åsele Municipality	167	200,446	0.08%
Sollefteå Municipality	168	1,135,861	0.44%
Örnsköldsviks Municipality	169	2,868,312	1.11%
Karlstads Municipality	170	4,335,821	1.67%
Surahammars Municipality	171	599,350	0.23%
Filipstads Municipality	172	598,357	0.23%
Motala Municipality	173	2,193,974	0.85%

Member/Name of Guarantors:	No.	Participation capital (SEK)	Percentage
Jokkmokks Municipality	174	331,868	0.13%
Hallstahammars Municipality	175	861,421	0.33%
Avesta Municipality	176	1,126,474	0.43%
Trosa Municipality	177	596,369	0.23%
Lilla Edets Municipality	178	725,817	0.28%
Skinnskattebergs Municipality	179	197,110	0.08%
Kiruna Municipality	180	1,245,707	0.48%
Finspångs Municipality	181	1,109,822	0.43%
Lysekil Municipality	182	718,120	0.28%
Söderhamns Municipality	183	1,368,018	0.53%
Hudviksvalls Municipality	184	1,889,168	0.73%
County Council of Norrbotten	185	2,733,214	1.06%
Dorotea Municipality	186	195,431	0.08%
Nordanstigs Municipality	187	454,047	0.18%
Arjeplogs Municipality	188	194,172	0.07%
Botkyrka Municipality	189	3,948,160	1.52%
Nybro Municipality	190	968,760	0.37%
Hagfors Municipality	191	710,424	0.27%
Vännäs Municipality	192	452,088	0.17%
Bjurholms Municipality	193	193,131	0.07%
Eskilstuna Municipality	194	4,701,806	1.82%
Gnesta Municipality	195	449,190	0.17%
Forshaga Municipality	196	575,667	0.22%
Kalmar Municipality	197	3,134,187	1.21%
Sjöbo Municipality	198	956,340	0.37%
Stenungsund Municipality	199	1,211,364	0.47%
Strängnäs Municipality	200	1,593,900	0.62%
Åre Municipality	201	444,843	0.17%
Ludvika Municipality	202	1,334,529	0.52%
Lerums Municipality	203	1,842,921	0.71%
Nykvarns Municipality	204	440,496	0.17%
Vilhelmina Municipality	205	314,640	0.12%
Emmaboda Municipality	206	437,598	0.17%
Vansbro Municipality	207	312,570	0.12%
Töreboda Municipality	208	437,598	0.17%
Sölvesborgs Municipality	209	809,991	0.31%
Ragunda Municipality	210	311,535	0.12%
Osby Municipality	211	683,100	0.26%
Vaggeryds Municipality	212	683,100	0.26%
Timrå Municipality	213	931,500	0.36%
Knivsta Municipality	214	683,100	0.26%
Åtvidabergs Municipality	215	557,325	0.22%
Uppvidinge Municipality	216	433,475	0.17%
Svenljunga Municipality	217	554,175	0.21%
Tingsryds Municipality	218	677,325	0.26%
Jönköpings Municipality	219	5,682,622	2.19%
Lunds Municipality	220	4,972,339	1.92%
Ulricehamns Municipality	221	1,031,900	0.40%
Tierps Municipality	222	907,875	0.35%
Grästorps Municipality	223	302,625	0.12%
Malung-Sälens Municipality	224	540,000	0.21%

Member/Name of Guarantors:	No.	Participation capital (SEK)	Percentage
Östra Göinge Municipality	225	660,000	0.25%
Årjängs Municipality	226	420,000	0.16%
Dals-Eds Municipality	227	180,000	0.07%
Vaxholms Municipality	228	540,000	0.21%
Älvkarleby Municipality	229	420,000	0.16%
Ljungby Municipality	230	1,260,000	0.49%
Hörby Municipality	231	660,000	0.25%
Älmhults Municipality	232	780,000	0.30%
Burlövs Municipality	233	780,000	0.30%
Hässleholms Municipality	234	2,340,000	0.90%
Olofströms Municipality	235	660,000	0.25%
Sala Municipality	236	1,020,000	0.39%
Öckerö Municipality	237	540,000	0.21%
Kristinehamns Municipality	238	1,140,000	0.44%
Östhammars Municipality	239	1,020,000	0.39%
Bromölla Municipality	240	540,000	0.21%
Gullspångs Municipality	241	300,000	0.12%
Aneby Municipality	242	300,000	0.12%
Lidköpings Municipality	243	1,860,000	0.72%
Bjuvs Municipality	244	660,000	0.25%
		259,051,848	100.0%

Control and Audit

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

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

Rating

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

Employees

Kommuninvest presently has 48 employees.

Members of the Board of Directors

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

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

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

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

The Board of Directors

Board Members:

Executive Chairman

Tommy Persson, Stockholm

Vice Chairman

Ellen Bramness Arvidsson, Chief Accountant, The Swedish Insurance Federation, Stockholm, Sweden

Lorentz Andersson, Former County Governor, County of Västerbotten, Sweden

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

Catharina Lagerstam, Consultant

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

Kerstin Ryding, Principal Finance Officer, Sandviken Municipality, Sweden

Ingemar Alserud, Täby

Executive Management Group

Tomas Verngren, President and CEO

Maria Viimne, Deputy CEO

Johanna Larsson, Head of Administration

Anders Gånge Head of Finance Department

Financial Year

Kommuninvest 's financial year follows the calendar year.

Recent Developments

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

FINANCIAL INFORMATION CONCERNING THE ISSUER

The financial information set out in this Base Prospectus in the tables below is directly derived from and should be read in conjunction with the Issuer's annual report for 2008, audited by Ernst & Young AB. The annual report has been prepared in accordance with Generally Accepted Auditing Standards in Sweden, the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (SFS 1995:1559), and the Swedish Financial Supervisory Authority's regulations and general recommendations regarding annual accounts for credit institutions and securities companies (FFFS 2008:25).

Capitalisation of the Issuer

The following table sets out the audited capitalisation of the Issuer as at 31 December 2008 and its shareholders' funds as at 31 December 2008. The table should be read in conjunction with the financial statements referred to elsewhere in this document.

	<i>As at 30 June 2009</i>	<i>As at 31 December 2008</i>	<i>As at 31 December 2007</i>
	<i>(in thousands of SEK)</i>		
Total debt:			
Liabilities to credit institutions	4,521,800	5,390,191	4,627,355
Securities issued	141,397,100	126,106,103	93,561,362
Derivatives	9,452,300	10,675,017	11,275,184
Other liabilities	50,200	40,421	32,223
Accrued expenses and deferred income	10,500	13,499	8,294
Provisions	500	402	182
Total debt	155,432,400	142,225,633	109,504,600
Untaxed reserves	50,500	52,169	40,533
Shareholders funds			
Share capital	244,600	236,700	198,900
Statutory reserve	17,500	17,473	17,473
Fund for fair value	14,200	9,461	(5,429)
Profit or loss brought forward	197,000	152,479	137,353
Profit for the year	23,000	44,540	24,126
Total Shareholders Funds	496,600	460,653	372,423
Total Capitalisation	155,979,500	142,738,455	109,917,556

Note:

(1) There has been no material change to the capitalisation and indebtedness of the Issuer since 31 December 2008.

KOMMUNINVEST I SVERIGE AB (publ)

Balance Sheet

ASSETS	<i>As at 30 June 2009</i>	<i>As at 31 December 2008</i>	<i>As at 31 December 2007</i>
	<i>(in thousands of SEK)</i>		
Cash	0	3	5
State bonds eligible as collateral	7,785,200	1,879,588	5,598,771
Lending to credit institutions	3,319,200	2,439,973	2,513,814
Lending	114,740,300	104,658,088	77,937,698
Bonds and other interest-bearing securities	16,336,400	17,631,604	17,748,327
Shares and participations	400	323	146
Shares and participations in associated companies	500	504	504
Derivatives	13,763,400	16,094,288	5,863,772
Tangible assets	3,800	4,415	3,184
Other assets	28,000	25,925	249,051
Pre-paid expenses and accrued income	2,300	3,744	2,284
TOTAL ASSETS	155,979,500	142,738,455	109,917,556
LIABILITIES, PROVISIONS AND EQUITY			
Liabilities to credit institutions	4,521,800	5,390,191	4,627,355
Securities issued	141,397,100	126,106,103	93,561,362
Derivatives	9,452,300	10,675,017	11,275,184
Other liabilities	50,200	40,421	32,223
Accrued expenses and deferred income	10,500	13,499	8,294
Provisions	500	402	182
Total liabilities and provisions	155,432,400	142,225,633	109,504,600
Untaxed reserves	50,500	52,169	40,533
Share capital	244,600	236,700	198,900
Statutory reserve	17,500	17,473	17,473
Fund for fair value	14,200	9,461	(5,429)
Profit or loss brought forward	197,000	152,479	137,353
Profit for the year	23,300	44,540	24,126
Equity	496,600	460,653	372,423
Total liabilities, provisions and equity	155,979,500	142,738,455	109,917,556
Other pledged assets	411	323	146
Obligations - pledged loans	1,941,000	1,752,688	3,107,975

Income Statement

	<i>Six months ended Year 30 June 2009</i>	<i>Year ended 31 December 2008</i>	<i>Year ended 31 December 2007</i>
	<i>(in thousands of SEK)</i>		
Interest income	1,879,200	4,727,197	3,792,707
Interest expenses	(1,673,100)	(4,575,122)	(3,713,097)
NET INTEREST INCOME	206,100	152,075	79,610
Commission expenses	(1,500)	(3,633)	(3,126)
Net result of financial transactions	(104,200)	13,942	34,181
Other operating income	200	336	600
TOTAL OPERATING INCOME	100,600	162,720	111,265
General administration expenses	(47,400)	(80,582)	(75,868)
Depreciation on tangible fixed assets	(800)	(1,630)	(1,602)
Other operating expenses	(2,000)	(5,174)	(3,093)
TOTAL EXPENSES	(50,200)	(87,386)	(80,563)
OPERATING PROFIT	50,400	75,334	30,702
Appropriations	1,600	(11,636)	544
Tax on profit for the period	(28,700)	(19,158)	(7,120)
PROFIT FOR THE YEAR	23,300	44,540	24,126

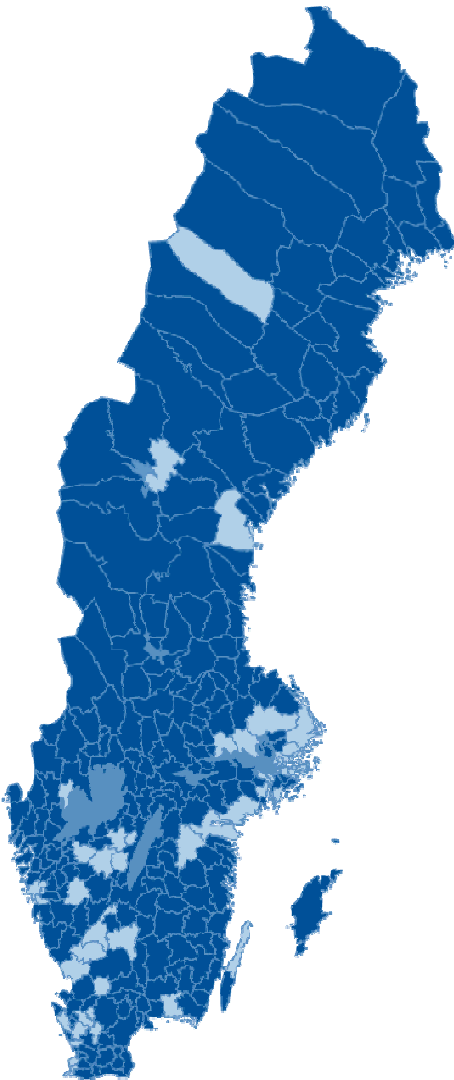
Cash Flow Statement

	<i>For the six months ended 30 June 2009</i>	<i>For the year ended 31 December 2008</i>	<i>For the year ended 31 December 2007</i>
<i>(in thousands of SEK)</i>			
Liquid assets at the start of the accounting period	340,800	780	139,753
Operational activities			
Operating profit	50,400	75,334	30,702
Adjustment for items not included in cash flow	174,800	4,271	(3,956)
Income tax paid	(7,200)	(3,938)	(15,264)
Cash flow from operational activities before the change in the assets and liabilities of operational activities	218,000	75,667	11,482
Change in interest bearing securities	(4,011,800)	4,381,533	4,591,863
Change in lending	(10,380,300)	(25,373,971)	(11,652,793)
Change in other assets	(700)	212,292	(2,349,927)
Change in other liabilities	(7,300)	10,050	7,459,011
Cash flow from operational activities	(14,182,100)	(20,694,429)	(1,940,364)
Investing activities			
Sale/disposal of tangible assets	0	0	163
Acquisition of tangible assets	(200)	(2,861)	(1,593)
Cash flow from investment activities	(200)	(2,861)	(1,430)
Financing activities			
Change in securities issued	16,449,100	20,392,484	787,052
Change in liabilities to credit institutions	(817,700)	618,508	978,213
New share issue	7,900	37,800	45,800
Group contribution paid	(12,500)	(11,450)	(8,244)
Cash flow from financing activities	15,626,800	21,037,342	1,802,821
Cash flow for the year	1,444,500	340,052	(138,973)
Cash and cash equivalents at the end of the accounting year	1,785,300	340,832	780

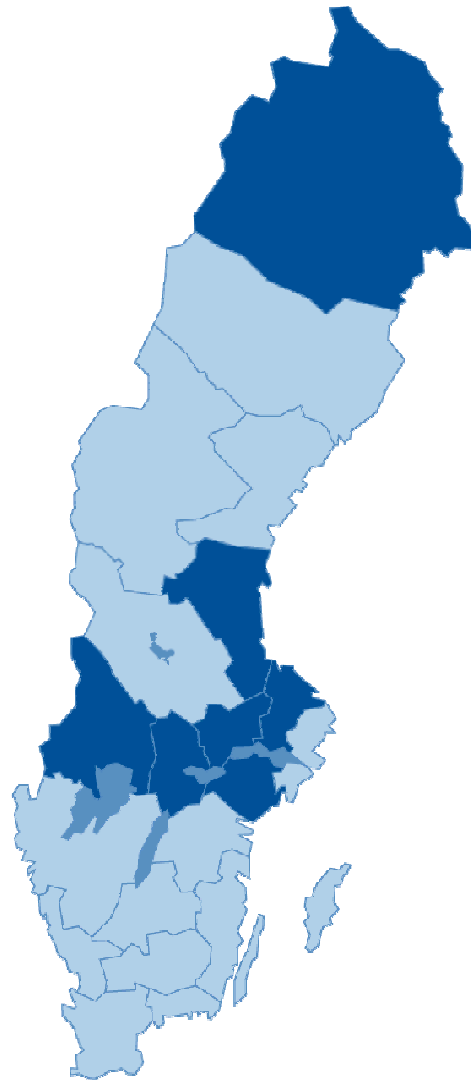
Note:

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

MAP OF SWEDEN
(As at 3 November 2009)



● = Member Municipalities
237 Municipalities out of 290 are members



● = Member County Councils
7 County Councils out of 20 are members

LOCAL GOVERNMENT IN SWEDEN

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

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

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

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

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

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

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

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

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

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

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

SUBSCRIPTION AND SALE

The Dealers have in an amended and restated programme agreement (the **Amended and Restated Programme Agreement**) dated 27 November 2009 agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*" above. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme.

United States

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

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

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

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

Each issuance of Index Linked Interest Notes, Index Linked Redemption Notes, Dual Currency Interest Notes or Dual Currency Redemption Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Final Terms.

United Kingdom

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

- (a) in relation to any Notes having a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for

the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the **FSMA**) by the Issuer;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

Japan

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

The Bahamas

Neither the Notes nor this Base Prospectus has been or will be registered with the Securities Commission of The Bahamas pursuant to the Securities Industry Act, 1999 (the **SIA**). The Securities Commission of The Bahamas has not approved or disapproved the Notes nor has it passed upon the accuracy or adequacy of this Base Prospectus and does not take responsibility for the financial soundness of the Programme.

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that the Notes may not be offered or sold, directly or indirectly, to or for the benefit of the general public in The Bahamas except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the SIA and any other applicable laws in force in The Bahamas from time to time. This Base Prospectus does not constitute an offer or solicitation to sell or a solicitation of an offer to buy, nor shall there be any offer, solicitation, or sale of the Notes to the general public in The Bahamas, and under no circumstances is this Base Prospectus to be construed as a public offering in The Bahamas.

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will not offer or sell any Notes, directly or indirectly, in The Bahamas to, or for the benefit of any person (legal or natural) in The Bahamas that is deemed resident for exchange control purposes pursuant to the Exchange Control Regulations Act of The Bahamas, except in compliance with applicable exchange control regulations in force in The Bahamas.

Canada

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

- (a) it has not offered, sold or distributed and will not offer, sell or distribute any Notes, directly or indirectly, in Canada or to or for the benefit of any resident of Canada, other than in compliance with the applicable securities laws;

- (b) it has not and will not distribute or deliver the Prospectus, or any other offering material in connection with any offering of Notes in Canada, other than in compliance with the applicable securities laws.

General

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

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

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

GENERAL INFORMATION

Authorisation

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

Listing of Notes

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

Documents

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

- (a) the constitutional documents (in English) of the Issuer;
- (b) the financial statements of the Issuer in respect of the financial years ended 31 December 2007 and 31 December 2008;
- (c) the most recently available audited annual financial statements of the Issuer and the most recently available published unaudited interim financial statements of the Issuer;
- (d) the Programme Agreement, the Agency Agreement (which contains the forms of the Temporary and Permanent Global Notes, the Definitive Notes, the Receipts, the Coupons and the Talons) and the Deed of Covenant;
- (e) the guarantee relating to the Notes;
- (f) this Base Prospectus; and
- (g) any future prospectuses, offering circulars, information memoranda and supplements to this Base Prospectus and the Final Terms in connection with listed Notes and any other documents incorporated herein or therein by reference.

At the date hereof, the Issuer currently publishes an unaudited interim financial report as at 30 June in each year. The Guarantors produce financial statements annually which are available to the public in Sweden. Financial statements in respect of the Guarantors for the financial year ended 31 December 2008 are available at the date of this Base Prospectus. The Guarantors do not produce interim financial statements.

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

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common codes and ISIN codes for each Tranche allocated by Euroclear and Clearstream, Luxembourg will be specified in the relevant Final Terms. If the Notes are to clear through Euroclear Sweden the appropriate ISIN code for each Tranche will be specified in the relevant Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the relevant Final Terms.

The address of Euroclear is 3 Boulevard du Roi Albert II, B.1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy, L-1855 Luxembourg.

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

Conditions for determining price

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

Material Change

There has been no significant change in the financial or trading position of the Issuer since 31 December 2008 and there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2008.

Litigation

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

EU Savings Directive

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

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

Auditors

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

Act for Credit Institutions and Securities Companies (ÅRKL), and the Swedish Financial Supervisory Authority's regulations and general recommendations regarding annual accounts for credit institutions and securities companies (FFFS 2008:25).

Post-issuance information

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

Dealers transacting with the Issuer and the guarantors

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

THE ISSUER

Kommuninvest i Sverige Aktiebolag (publ)

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SE-701 42 Örebro
Sweden

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Deutsche Bank AG, London Branch

Winchester House
1 Great Winchester Street
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