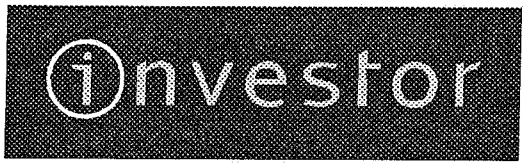
Offering Circular



Investor AB (Incorporated as a limited company in the Kingdom of Sweden)

US$4,000,000,000 Debt Issuance Programme

Under the Debt Issuance Programme described in this Offering Circular (the "Programme"), Investor AB (publ) ("Investor", the "Issuer" or the "Company"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue debt securities (the "Notes"). The aggregate principal amount of Notes outstanding will not at any time exceed US$4,000,000,000 (or the equivalent in other currencies).

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the "UK Listing Authority") for such Notes to be admitted to the Official List of the UK Listing Authority (the "Official List") and to the London Stock Exchange plc (the "London Stock Exchange") for such Notes to be admitted to trading on the London Stock Exchange's market for listed securities. Admission to the Official List of the UK Listing Authority together with admission to trading on the London Stock Exchange's market for listed securities constitutes official listing on a stock exchange. The relevant Pricing Supplement (as defined below) in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Official List and admitted to trading on the London Stock Exchange's market for listed securities (or any other stock exchange).

Copies of this document, which comprises listing particulars approved by the UK Listing Authority in relation to Notes to be issued during the period of 12 months from the date of this Offering Circular, have been delivered for registration to the Registrar of Companies in England and Wales as required by Section 83 of the Financial Services and Markets Act 2000.

The Programme has been rated Baa1 by Moody's Investors Service Limited ("Moody's") and AA– by Standard & Poor's Ratings Services, a Division of the McGraw-Hill Companies, Inc. ("Standard & Poor's"). Tranches of Notes (as defined in "Summary of the Programme") 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 ratings 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.

Each Series (as defined in "Summary of the Programme") of Notes in bearer form will initially be represented on issue by a temporary global note in bearer form (each a "Temporary Global Note"), or a permanent global note in bearer form (each a "Permanent Global Note"). Notes in registered form will be represented by registered certificates (each a "Certificate"), one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Global Notes and Certificates may be deposited on the issue date with a common depositary on behalf of Euroclear Bank S.A./N.V. as operator of the Euroclear System ("Euroclear"), and Clearstream Banking, société anonyme ("Clearstream, Luxembourg"). The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in "Summary of Provisions Relating to the Notes while in Global Form".

Arranger

JPMorgan

Dealers

Deutsche Bank
JPMorgan
Schroder Salomon Smith Barney
Goldman Sachs International
Morgan Stanley
SEB Merchant Banking
UBS Warburg

12th December 2002

This Offering Circular comprises listing particulars given in compliance with the listing rules made under Section 74 of the Financial Services and Markets Act 2000 by the UK Listing Authority (the "Listing Rules"), for the purpose of giving information with regard to the Issuer and its subsidiaries and its affiliates taken as a whole (the "Group") and the Notes. The Issuer accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

Any reference in this Offering Circular to listing particulars means this Offering Circular excluding all information incorporated by reference. The Issuer has confirmed that any information incorporated by reference, including any such information to which readers of this document are expressly referred, has not been and does not need to be included in the listing particulars to satisfy the requirements of the Financial Services and Markets Act 2000 or the Listing Rules. The Issuer believes that none of the information incorporated herein by reference conflicts in any material respect with the information included in the listing particulars.

No person has been authorised to give any information or to make any representation other than those contained in this Offering Circular in connection with the issue or sale of the Notes 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 or the Arranger (as defined in "Summary of the Programme"). Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Group since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer or the Group since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Offering Circular and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and include Notes in bearer form that are subject to US tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to US persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Offering Circular, see "Subscription and Sale".

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Dealers to subscribe for, or purchase, any Notes.

The Arranger and the Dealers have not separately verified the information contained in this Offering Circular. None of the Dealers or the Arranger makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Circular. Neither this Offering Circular nor any document incorporated by reference nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger or the Dealers that any recipient of this Offering Circular or any other financial statements or any document incorporated by reference should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

In this Offering Circular, unless otherwise specified or the context otherwise requires, references to "US$" and "US dollars" are to United States dollars, to "EUR" are to euro and to "SEK" are to Swedish kronor.

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In connection with any Tranche (as defined in "Summary of the Programme"), one of the Dealers may act as a stabilising manager (the "Stabilising Manager"). The identity of the Stabilising Manager will be disclosed in the relevant Pricing Supplement. References in the next paragraph to "the issue of any Tranche" are to each Tranche in relation to which a Stabilising Manager is appointed.

In connection with the issue of any Tranche, the Stabilising Manager or any person acting for it may over-allot or effect transactions with a view to supporting the market price of the Notes at a level

higher than that which might otherwise prevail for a limited period after the issue date. However, there may be no obligation on the Stabilising Manager or any agent of it to do this. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period.

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Documents Incorporated by Reference

This Offering Circular should be read and construed in conjunction with each pricing supplement relating to any Notes (each a "Pricing Supplement"), the most recently published audited consolidated annual accounts, and any consolidated interim accounts (whether audited or unaudited) published subsequently to such annual accounts, of the Issuer from time to time and any amendment or supplement to the Offering Circular, which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents; provided, however, that no such document or modifying or superseding statement shall form part of the listing particulars issued in compliance with the Listing Rules.

Supplementary Listing Particulars

If at any time the Issuer shall be required to prepare supplementary listing particulars pursuant to Section 81 of the Financial Services and Markets Act 2000, the Issuer will prepare and make available an appropriate amendment or supplement to this Offering Circular or a further offering circular which, in respect of any subsequent issue of Notes to be listed on the Official List and admitted to trading on the London Stock Exchange's market for listed securities, shall constitute supplementary listing particulars as required by the UK Listing Authority and Section 81 of the Financial Services and Markets Act 2000.

The Issuer has given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant change affecting any matter contained in this Offering Circular whose inclusion would reasonably be required by investors and their professional advisers, and would reasonably be expected by them to be found in this Offering Circular, for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, and the rights attaching to the Notes, the Issuer shall prepare an amendment or supplement to this Offering Circular or publish a replacement offering circular for use in connection with any subsequent offering of Notes and shall supply to each Dealer such number of copies of such amendment, supplement or replacement as such Dealer may reasonably request.

Summary of the Programme

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this document and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. Words and expressions defined in "Terms and Conditions of the Notes" below shall have the same meanings in this summary. The Issuer may agree with any Dealer that Notes may be issued in a form other than that contemplated in "Terms and Conditions of the Notes" herein, in which event (in the case of Notes admitted to the Official List only) a supplement to this Offering Circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Issuer	Investor AB (publ)
Programme Amount	Up to US$4,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate principal amount of Notes outstanding at any one time.
Arranger	J.P. Morgan Securities Ltd.
Dealers	Deutsche Bank AG London Goldman Sachs International J.P. Morgan Securities Ltd. Morgan Stanley & Co. International Limited Salomon Brothers International Limited Skandinaviska Enskilda Banken AB (publ) UBS AG, acting through its business group UBS Warburg The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Offering Circular to "Permanent Dealers" are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and to "Dealers" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
Trustee	JPMorgan Chase Bank
Issuing and Paying Agent, Registrar and Transfer Agent	Citibank, N.A., London
Currencies	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in US dollars, Australian dollars, Canadian dollars, Danish kroner, euro, New Zealand dollars, Norwegian kroner, Sterling, Swedish Kronor, Swiss francs or Japanese yen or in other currencies if the Issuer and the relevant Dealers so agree. Issues of Notes denominated in Swiss Francs or carrying a Swiss Franc related element with a maturity of more than one year (other than Notes privately placed with a single investor with no publicity) will be effected in compliance with the relevant regulations of the Swiss National Bank based on article 7 of the Federal Law on Banks and Savings Banks of 8th November 1934 (as amended) and article 15 of the Federal Law on Stock Exchanges and Securities Trading of 24th March 1995 in connection with article 2, paragraph 2 of the Ordinance of the Federal Banking Corporation on Stock Exchanges and Securities Trading of 25th June 1997. Under the said regulations, the relevant Dealer or, in the case of a syndicated issue the lead manager (the "Swiss Dealer"), must be a bank domiciled in Switzerland (which includes branches or subsidiaries of a foreign bank located in Switzerland) or a securities dealer duly licensed by the Swiss Federal Banking Commission as per the Federal Law on Stock Exchanges and

	Securities Trading of 24th March 1995. The Swiss Dealer must report certain details of the relevant transaction to the Swiss National Bank no later than the relevant issue date for such a transaction.
Denomination	Definitive Notes will be in such denominations as may be specified in the relevant Pricing Supplement, save that unless otherwise permitted by then current laws and regulations, Notes (including Sterling Notes) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the Financial Services and Markets Act 2000 will have a minimum denomination of £100,000 (or its equivalent in other currencies).
Redenomination, Renominalisation and/or Consolidation	Notes denominated in a currency of a country that subsequently participates in the third stage of European economic and monetary union may be subject to redenomination, renominalisation and/or consolidation with other Notes denominated in euro. The provisions applicable to any such redenomination, renominalisation and/or consolidation will be specified in the relevant Pricing Supplement.
Form of Notes	The Notes may be issued in bearer form only ("Bearer Notes"), in bearer form exchangeable for Registered Notes ("Exchangeable Bearer Notes"), or in registered form only ("Registered Notes"). Each Tranche of Bearer Notes and Exchangeable Bearer Notes will be represented on issue by a Temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in "Summary of the Programme – Selling Restrictions"), otherwise such Tranche will be represented by a Permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as "Global Certificates".
Maturities	Subject to compliance with all relevant laws, regulations and directives and the matters described under "Variable Redemption Amount and Variable Coupon Amount Notes" below, any maturity from one month.
Issue Price	Notes may be issued at their principal amount or at a discount or premium to their principal amount. Partly-paid Notes may be issued, the issue price of which will be payable in two or more instalments.
Method of Issue	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "Series"), having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "Tranche"), on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and principal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in a pricing supplement to this Offering Circular (each a "Pricing Supplement").
Clearing Systems	Clearstream, Luxembourg and Euroclear and, in relation to any Tranche, such other clearing system as may be agreed between the

	Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer.
Initial Delivery of Notes	On or before the issue date for each Tranche, the Global Note representing Bearer Notes or Exchangeable Bearer Notes or the Certificate representing Registered Notes may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Global Notes or Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.
Fixed Rate Notes	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Pricing Supplement.
Floating Rate Notes	Floating Rate Notes will bear interest set separately for each Series by reference to LIBOR, LIBID, LIMEAN or EURIBOR (or such other Benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable Margin. Interest periods will be specified in the relevant Pricing Supplement.
Zero Coupon Notes	Zero Coupon Notes may be issued at their principal amount or at a discount to it and will not bear interest.
Variable Redemption Amount and Variable Coupon Amount Notes	The Pricing Supplement issued in respect of each Tranche of variable redemption amount Notes or variable coupon amount Notes will specify the basis for calculating the redemption amount and/or the amounts of interest payable, which may be by reference to a stock index or formula or as otherwise provided in the relevant Pricing Supplement. Unless permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the Financial Services and Markets Act 2000 must have a minimum redemption amount of £100,000 (or its equivalent in other currencies). There may be restrictions under present Swedish law relating to the issue of variable redemption amount Notes which, if applicable, will need to be complied with.
Index-Linked Redemption Amount Notes	There may be restrictions under present Swedish law relating to the issue of index-linked redemption amount Notes (other than by reference to fluctuations in monetary amounts) which, if applicable, will need to be complied with.
Other Notes	Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, dual currency Notes, reverse dual currency Notes, optional dual currency Notes, partly-paid Notes and any other type of Note that the Issuer, the Trustee and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Pricing Supplement.
Structured Note Risks	*The following paragraph does not describe all the risks of an investment in the Notes. Prospective purchasers should consult their own financial and legal advisers about risks associated with investment in a particular Series of Notes and the suitability of investing in the Notes in light of their particular circumstances.*

	An investment in Notes the premium and/or the interest on or principal of which is determined by reference to one or more values of currencies, commodities, interest rates or other indices or formulae, either directly or inversely, may entail significant risks not associated with similar investments in a conventional debt security, including the risks that the resulting interest rate will be less than that payable on a conventional debt security at the same time and/or that an investor could lose all or a substantial portion of the principal of its Notes. Neither the current nor the historical value of the relevant currencies, commodities, interest rates or other indices or formulae should be taken as an indication of future performance of such currencies, commodities, interest rates or other indices or formulae during the term of any Note.
Optional Redemption	The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.
Early Redemption	Except as provided in "Optional Redemption" above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See "Terms and Conditions of the Notes — Redemption, Purchase and Options".
Redemption by Instalments	The Pricing Supplement issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.
Withholding Tax	All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of the Kingdom of Sweden, subject to customary exceptions, all as described in "Terms and Conditions of the Notes — Taxation".
Status of Notes	The Notes will constitute unsubordinated and unsecured obligations of the Issuer as described in "Terms and Conditions of the Notes — Status".
Negative Pledge	The Notes will contain a Negative Pledge as described in "Terms and Conditions of the Notes — Negative Pledge".
Cross Default	The Notes will contain a cross default provision as described in "Terms and Conditions of the Notes — Events of Default".
Ratings	The Programme has been rated Baa1 by Moody's and AA– by Standard & Poor's. Notes issued pursuant to the Programme may be rated or unrated. Where an issue of Notes is rated, its rating will not necessarily be the same as the rating applicable to the Programme. A 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	Application has been made to list the Notes issued under the Programme on the Official List and to admit them to trading on the London Stock Exchange's market for listed securities or as otherwise specified in the relevant Pricing Supplement. As specified in the relevant Pricing Supplement, a Series of Notes may also be unlisted.
Governing Law	The Notes will be governed by and construed in accordance with English law.

Selling Restrictions	United States, United Kingdom, Sweden, Germany, Japan and such other restrictions as may be required in connection with a particular issue of Notes. See "Subscription and Sale". Category 2 selling restrictions will apply for the purposes of Regulation S under the Securities Act. The Notes will be issued in compliance with US Treasury Regulations §1.163-5(c)(2)(i)(D) (the "D Rules"), unless (i) the relevant Pricing Supplement states that Notes are issued in compliance with US Treasury Regulations §1.163-5(c)(2)(i)(C) (the "C Rules"), or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA"), which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which TEFRA is not applicable.

Terms and Conditions of the Notes

The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meaning given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in these Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are constituted by a Trust Deed (as amended or supplemented as at the date of issue of the Notes (the "Issue Date"), the "Trust Deed"), dated 18th December 1997 and amended and restated on 12th December 2002 between the Issuer and JPMorgan Chase Bank (the "Trustee", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Receipts, Coupons and Talons referred to below. An Agency Agreement (as amended or supplemented as at the Issue Date, the "Agency Agreement"), dated 18th December 1997 and amended and restated on 12th December 2002 has been entered into in relation to the Notes between the Issuer, the Trustee, Citibank, N.A. London (as successor to Morgan Guaranty Trust Company of New York, London office) as issuing and paying agent and calculation agent and the other agents named in it. The issuing and paying agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "Issuing and Paying Agent", the "Paying Agents" (which expression shall include the Issuing and Paying Agent), the "Registrar", the "Transfer Agents" (which expression shall include the Registrar) and the "Calculation Agent(s)". Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours at the principal office of the Trustee (presently at 125 London Wall, London EC2Y 5AJ) and at the specified offices of the Paying Agents and the Transfer Agents.

The Noteholders, the holders of the interest coupons (the "Coupons"), appertaining to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "Talons"), the ("Couponholders"), and the holders of the receipts for the payment of instalments of principal (the "Receipts"), relating to Notes in bearer form of which the principal is payable in instalments are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

1. Form, Denomination and Title

The Notes are issued in bearer form ("Bearer Notes", which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form ("Registered Notes"), or in bearer form exchangeable for Registered Notes ("Exchangeable Bearer Notes"), in each case in the Denomination(s) shown hereon.

All Registered Notes shall have the same Denomination. Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Denomination as the lowest denomination of Exchangeable Bearer Notes.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Notes that do not bear interest in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Any Bearer Note the principal amount of which is redeemable in instalments is issued with one or more Receipts attached.

Registered Notes are represented by registered certificates ("Certificates"), and, save as provided in Condition 2*(c)*, each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "Register"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "Noteholder" means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), "holder" (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

2. Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes

(a) Exchange of Exchangeable Bearer Notes

Subject as provided in Condition 2*(f)*, Exchangeable Bearer Notes may be exchanged for the same aggregate principal amount of Registered Notes (in respect of which a new Certificate shall be issued) at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Receipts, Coupons and Talons relating to it, at the specified office of any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 7*(b)*) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Denomination may not be exchanged for Bearer Notes of another Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

(b) Transfer of Registered Notes

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor.

(c) Exercise of Options or Partial Redemption in Respect of Registered Notes

In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 2*(a)*, *(b)* or *(c)* shall be available for delivery within five business days of receipt of the request for exchange, form of transfer or Exercise Notice (as defined in Condition 6*(e)*) or surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2*(d)*, "business day" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar.

(e) Exchange Free of Charge

Exchange and transfer of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(f) Closed Periods

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6*(d)*, (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7*(b)*). An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

3. Status

The Notes, the Receipts and the Coupons are direct, unconditional and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and (subject to the provisions of Condition 4) rank and will at all times rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

4. Negative Pledge

So long as any of the Notes, Receipts or Coupons remains outstanding (as defined in the Trust Deed), neither the Issuer nor any Subsidiary (as defined in the Trust Deed) shall create or permit to be outstanding any pledge, lien, mortgage, charge or other security interest upon the whole or any part of their respective undertakings, assets or revenues present or future, to secure any (i) existing or future Securities of the Issuer (or to secure any guarantee or indemnity in respect thereof) or (ii) guarantee or indemnity given by the Issuer in respect of any existing or future Securities of a third party, without in any such case at the same time according to the Notes, the Receipts and the Coupons either the same security as is granted to or is outstanding in respect of such Securities (or such guarantee or indemnity in respect thereof) or such other security as the Trustee shall in its sole discretion deem not materially less beneficial to the interests of the Noteholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

As used in this Condition, "Securities" means any loan or other indebtedness in the form of, or represented or evidenced by, bonds, debentures, notes or other securities which are or are to be quoted, listed, ordinarily dealt in or traded on any stock exchange, or over-the-counter or other securities market.

5. Interest and Other Calculations

(a) Interest Rate and Accrual

Each Note bears interest on its outstanding principal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Interest Rate, such interest being payable in arrear on each Interest Payment Date (as specified in the Pricing Supplement).

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment of the full amount of principal is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Interest Rate in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

(b) Business Day Convention

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (i) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such date shall be brought forward to the immediately preceding Business Day and (B) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (ii) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (iii) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(c) Interest Rate on Floating Rate Notes

If the Interest Rate is specified as being Floating Rate, the Interest Rate for each Interest Accrual Period shall be determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of each Interest Accrual Period in accordance with the following:

(i) if the Primary Source (as specified in the Pricing Supplement) for the Floating Rate is a Page, subject as provided below, the Interest Rate shall be:

(x) the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is customarily supplied by one entity); or

(y) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Page,

in each case appearing on such Page at the Relevant Time on the Interest Determination Date;

(ii) if the Page specified in the Pricing Supplement as a Primary Source permanently ceases to quote the Relevant Rate(s) but such quotation(s) is/are available from another page, section or other part of such information service selected by the Calculation Agent (the "Replacement Page"), the Replacement Page shall be substituted as the Primary Source for Interest Rate Quotations and if no Replacement Page exists but such quotation(s) is/are available from a page, section or other part of a different information service selected by the Calculation Agent and approved by the Issuer (the "Secondary Replacement Page"), the Secondary Replacement Page shall be substituted as the Primary Source for Interest Rate Quotations;

(iii) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph (i)(x) applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (i)(y) above applies and fewer than two Relevant Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Interest Rate shall be the arithmetic mean of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Benchmark Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent;

(iv) if, at or about the Relevant Time on any Interest Determination Date where the Interest Rate falls to be determined pursuant to paragraph (c)(iii) in respect of a Note, two or three only of such Reference Banks provide such quotations, the Interest Rate for the relevant Interest Accrual Period shall, subject as provided below, be determined as aforesaid on the basis of the Relevant Rate quoted by such Reference Banks; and

(v) if paragraph (iii) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below, the Interest Rate shall be the arithmetic mean of the rates per annum (expressed as a percentage) that the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark (as specified in the Pricing Supplement)) in respect of a Representative Amount (as specified in the Pricing Supplement) of the Relevant Currency that at least two out of five leading banks, as selected by the Calculation Agent, in the principal financial centre of the country of the Relevant Currency or, if the Relevant Currency is euro, in the Euro-zone selected by the Calculation Agent (the "Principal Financial Centre") are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration (x) to leading banks carrying on business in Europe, or (if the Calculation Agent determines that fewer than two of such banks are so quoting to leading banks in Europe) (y) to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two of such banks are so quoting to leading banks in the Principal Financial Centre, the Interest Rate shall be the Interest Rate determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Interest Rate applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).

(d) Interest Rate on Zero Coupon Notes

Where a Note the Interest Rate of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Redemption Amount of such Note as determined in accordance with Condition 6*(b)*. As from the Maturity Date, the Interest Rate for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 6*(b)*).

(e) Margin, Maximum/Minimum Interest Rates, Instalment Amounts and Redemption Amounts, Rate Multipliers and Rounding

(i) If any Margin (as specified in the Pricing Supplement) or Rate Multiplier (as specified in the Pricing Supplement) is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Interest Rates, in the case of (x), or the Interest Rates for the specified Interest

Accrual Periods, in the case of (y), calculated in accordance with *(c)* above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph.

(ii) If any Maximum or Minimum Interest Rate, Instalment Amount or Redemption Amount is specified hereon, then any Interest Rate, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified in the Pricing Supplement), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that are due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means 0.01 euro.

(f) Calculations

The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Interest Rate and the outstanding principal amount of such Note by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable in respect of such Note for such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

(g) Determination and Publication of Interest Rates, Interest Amounts, Redemption Amounts and Instalment Amounts

As soon as practicable after the Relevant Time on each Interest Determination Date or such other time on such date as the Calculation Agent may be required to calculate any Redemption Amount or Instalment Amount, obtain any quote or make any determination or calculation, it shall determine the Interest Rate and calculate the amount of interest payable (the "Interest Amounts"), in respect of each Denomination of the Notes for the relevant Interest Accrual Period, calculate the Redemption Amount or Instalment Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Interest Rate and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Redemption Amount or any Instalment Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange so require, such exchange as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of an Interest Rate and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5*(b)*, the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the prior written consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Interest Rate payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Interest Rate or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of each Interest Rate, Interest Amount, Redemption Amount and Instalment Amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(h) Determination or Calculation by Trustee

Subject to Condition 5*(j)*, if the Calculation Agent does not at any time for any reason determine or calculate the Interest Rate for an Interest Period or any Interest Amount, Instalment Amount or Redemption Amount, the Trustee shall do so (or shall appoint an agent on its behalf to do so) and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(i) Definitions

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"Business Day" means:

(i) in the case of a specified currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for that currency; and/or

(ii) in the case of euro, a day on which the TARGET System is operating (a "TARGET Business Day"); and/or

(iii) in the case of a specified currency and/or one or more specified financial centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in the specified currency in the specified financial centre(s) or, if none is specified, generally in each of the financial centres so specified.

"Day Count Fraction" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period, the "Calculation Period"):

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

(ii) if "Actual/365 (Fixed)" is specified hereon, the actual number of days in the Calculation Period divided by 365;

(iii) if "Actual/360" is specified hereon, the actual number of days in the Calculation Period divided by 360;

(iv) if "30/360", "360/360" or "Bond Basis" is specified hereon, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes the last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month));

(v) if "30E/360" or "Eurobond Basis" is specified hereon, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of a Calculation Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

(vi) if "Actual/Actual-ISMA" is specified hereon,

(a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(b) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

"Determination Period" means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

"Determination Date" means the date specified as such hereon or, if none is so specified, the Interest Period Date.

"Effective Date" means, without respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such hereon or, if none is so specified, the first day of the Interest Accrual Period to which such Interest Determination Date relates.

"Euro-zone" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union.

"Interest Accrual Period" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

"Interest Commencement Date" means the Issue Date or such other date as may be specified hereon.

"Interest Determination Date" means, with respect to an Interest Rate and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Relevant Currency is Sterling or (ii) the day falling two Business Days in London for the Relevant Currency prior to the first day of such Interest Accrual Period if the Relevant Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Relevant Currency is euro.

"Interest Period" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

"Interest Period Date" means each Interest Payment Date unless otherwise specified hereon.

"Interest Rate" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

"Page" means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Bridge/Telerate ("Telerate")) as may be specified for the purpose of providing a Relevant Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate.

"Reference Banks" means the institutions specified as such hereon or, if none, four major banks selected by the Calculation Agent in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the Benchmark (which, if EURIBOR is the relevant Benchmark, shall be the Euro-zone).

"Relevant Benchmark Centre" means, with respect to any Floating Rate to be determined on an Interest Determination Date, the financial centre as may be specified as such hereon or, if none is so specified, the financial centre with which the relevant Benchmark (which, in the case of EURIBOR, shall be the Euro-zone) or, if none is so connected, London.

"Relevant Currency" means the currency specified hereon or, if none is specified, the currency in which the Notes are denominated.

"Relevant Rate" means the Benchmark for a Representative Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the Specified Duration commencing on the Effective Date.

"Relevant Time" means, with respect to any Interest Determination Date, the local time in the Relevant Benchmark Centre specified hereon or, if none is specified, the local time in the Relevant Benchmark Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Benchmark Centre and for this purpose "local time" means, with respect to Europe and the Euro-zone as a Relevant Benchmark Centre, Central European time.

"Representative Amount" means, with respect to any Floating Rate to be determined on an Interest Determination Date, the amount specified as such hereon or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time.

"Specified Duration" means, with respect to any Floating Rate to be determined on an Interest Determination Date, the duration specified hereon or, if none is specified, a period of time equal to the relative Interest Accrual Period, ignoring any adjustment pursuant to Condition 5*(b)*.

"TARGET System" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System or any successor thereto.

(j) Calculation Agent and Reference Banks

The Issuer shall procure that there shall at all times be four Reference Banks (or such other number as may be required) with offices in the Relevant Benchmark Centre and one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Trust Deed). If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer shall (with the prior approval of the Trustee) appoint another Reference Bank with an office in the Relevant Benchmark Centre to act as such in its place. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Interest Rate for an Interest Period or Interest Accrual Period or to calculate any Interest Amount, Instalment Amount or the Redemption Amount or to comply with any other requirement, the Issuer shall (with the prior approval of the Trustee) appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(k) 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 Calculation Agent or the Trustee, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Calculation Agent, the Trustee, the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Calculation Agent or the Trustee in connection with the exercise or non-exercise by them of their powers, duties and discretions pursuant to such provisions.

6. Redemption, Purchase and Options

(a) Redemption by Instalments and Final Redemption

(i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6 or the relevant Instalment Date (being one of the dates so specified hereon) is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 6*(d)* or *(e)*, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding principal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the principal amount of such Notes, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused on presentation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

(ii) Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 6*(d)* or *(e)*, each Note shall be finally redeemed on the Maturity Date specified hereon at its Redemption Amount (which, unless otherwise provided hereon, is its principal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.

(b) Early Redemption of Zero Coupon Notes

(i) The Redemption Amount payable in respect of any Note that does not bear interest prior to the Maturity Date, the Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6*(c)*, *(d)* or *(e)* or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note.

(ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually. Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(iii) If the Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6*(c)*, *(d)* or *(e)* or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Note becomes due and payable were replaced by a reference to the Relevant Date (as defined in Condition 8). The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5*(d)*.

(c) Redemption for Taxation Reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their Redemption Amount (together with interest accrued to the date fixed for redemption), if (i) the Issuer satisfies the Trustee immediately before the giving of such notice that it has or will become obliged to pay additional amounts as described under Condition 8 as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Sweden or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date of agreement to issue the first Tranche of Notes, and (ii) such obligation 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 prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Before the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee (aa) a certificate signed by two Authorised Signatories (as defined in the Trust Deed) of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it and (bb) an opinion of independent legal advisers of recognised standing acceptable to the Trustee to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment and the Trustee shall be entitled to accept such certificate or opinion as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above in which event it shall be conclusive and binding on Noteholders and Couponholders.

(d) Redemption at the Option of the Issuer and Exercise of Issuer's Options

If so provided hereon, the Issuer may, on giving irrevocable notice to the Noteholders falling within the Issuer's Option Period (as specified in the Pricing Supplement), redeem, or exercise any Issuer's option in relation to, all or, if so provided, some of the Notes in the principal amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount together with interest accrued to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed, or the Issuer's option shall be exercised, on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption or a partial exercise of an Issuer's option, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed or in respect of which such option has been exercised, which shall have been drawn in such place as the Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange requirements.

(e) Redemption at the Option of Noteholders and Exercise of Noteholders' Options

If so provided hereon, the Issuer shall, at the option of the holder of any such Note, redeem such Note on the date or dates so provided at its Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option or any other Noteholders' option that may be set out hereon the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("Exercise Notice"), in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the Noteholders' Option Period (as specified in the Pricing Supplement). No Note or Certificate so deposited and option exercised may be withdrawn without the prior consent of the Issuer, except that such Note or Certificate will be returned to the relevant Noteholder by the Paying Agent, the Registrar or Transfer Agent with which it has been deposited if, prior to the due date for its redemption or the exercise of the option,

the Note becomes immediately due and payable or if upon due presentation payment of the redemption moneys is not made or exercise of the option is denied.

(f) Purchases

The Issuer and any of its Subsidiaries (as defined in the Trust Deed) may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

(g) Cancellation

Notes purchased by or on behalf of the Issuer or any of its Subsidiaries may be surrendered for cancellation or held or reissued or resold outside the United States. Bearer Notes to be cancelled shall be cancelled by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Issuing and Paying Agent and Registered Notes to be cancelled shall be cancelled by surrendering the Certificate representing such Notes to the Registrar and, in each case, such Notes shall be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

7. Payments and Talons

(a) Bearer Notes

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7*(f)*(vi)) or Coupons (in the case of interest, save as specified in Condition 7*(f)*(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the currency in which such payment is due drawn on, or, at the option of the holder, by transfer to an account denominated in that currency with, a bank in the principal financial centre for that currency or, in the case of euro, in a city in which banks have access to the TARGET System.

(b) Registered Notes

(i) Payments of principal (which for the purposes of this Condition 7*(b)* shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.

(ii) Interest (which for the purpose of this Condition 7*(b)* shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "Record Date"). Payments of interest on each Registered Note shall be made in the currency in which such payments are due by cheque drawn on a bank in the principal financial centre of the country of the currency concerned and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date and subject as provided in Condition 7*(a)*, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank in the principal financial centre of the country of that currency.

(c) Payments in the United States

Notwithstanding the foregoing, if any Bearer Notes are denominated in US dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law.

(d) Payments Subject to Fiscal Laws

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) Appointment of Agents

The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) Paying Agents having specified offices in at least two major European financial centres (including, so long as the Notes are listed on the Official List and admitted to trading on the London Stock Exchange plc's market for listed securities (the "London Stock Exchange") and the London Stock Exchange so requires, London), (vi) (to the extent not already satisfied by the requirements of (i) and (v) above) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th–27th November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive and (vii) such other agents as may be required by any other stock exchange on which the Notes may be listed, in each case, as approved in writing in advance by the Trustee.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in US dollars in the circumstances described in Condition 7*(c)*.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) Unmatured Coupons and Receipts and Unexchanged Talons

(i) Unless the Notes provide that the relative Coupons are to become void upon the due date for redemption of those Notes, Bearer Notes should be surrendered for payment together with all unmatured Coupons (if any) appertaining thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Redemption Amount due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

(ii) If the Notes so provide, upon the due date for redemption of any Bearer Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.

(v) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons and any unexchanged Talon relating to it, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(h) Non-Business Days

If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "business day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "Payment Business Days" in the relevant Pricing Supplement and:

(i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or

(ii) (in the case of a payment in euro) which is a TARGET Business Day.

(i) Redenomination

Notes denominated in a currency that may be converted into euro may be subject to redenomination, renominalisation and/or consolidation with other Notes then denominated in euro, as specified hereon.

8. Taxation

All payments in respect of the Notes, Receipts or Coupons by or on behalf of 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 the Kingdom of Sweden or any political sub-division of, or any authority in, or of, the Kingdom of 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 Noteholders and Couponholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes or, as the case may be, Receipts or Coupons in the absence of the withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect of any Note, Receipt or Coupon:

(a) in the Kingdom of Sweden; or

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

(c) to, or to a third party on behalf of, a holder 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

(d) presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the 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

(e) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th–27th November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(f) presented (or, in the case of a Registered Note, where the Certificate representing it is presented) for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note (or, in the case of a Registered Note, the Certificate representing it), Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used in these Conditions, "Relevant Date" in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) "principal" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) "interest" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii)

"principal" and/or "interest" shall be deemed to include any additional amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

9. Prescription

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10. Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified to its satisfaction), give notice to the Issuer that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at their principal amount, together with accrued interest as provided in the Trust Deed, in any of the following events ("Events of Default"):

(a) if default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of 14 days; or

(b) if the Issuer fails to perform or observe any of its obligations under these Conditions or the Trust Deed and (except in any case where the Trustee considers the failure to be incapable of remedy when no continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days (or such longer period as the Trustee may permit) next following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or

(c) if any other indebtedness for borrowed money (as defined in the Trust Deed) of the Issuer becomes due and repayable prematurely by reason of an event of default (however described) and any steps are taken to obtain repayment or the Issuer fails to make any payment in respect of any other indebtedness for borrowed money on the due date for payment as extended by any originally applicable grace period or any security given by the Issuer for any indebtedness for borrowed money of the Issuer becomes enforceable and is enforced or if default is made by the Issuer in making any payment due under any guarantee and/or indemnity given by it in relation to any other indebtedness for borrowed money of any other person and any steps are taken to obtain repayment thereof, provided that no event shall constitute an Event of Default unless the indebtedness for borrowed money or other relative liability either alone or when aggregated with other indebtedness for borrowed money and/or other liabilities relative to all (if any) other events which shall have occurred and be at the relevant time outstanding and in respect of which the relevant default or failure shall not have been remedied shall amount to at least US$15,000,000 (or its equivalent in any other currency); or

(d) if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer save for the purposes of a reorganisation on terms approved in writing by the Trustee; or

(e) if the Issuer ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of a reorganisation on terms approved in writing by the Trustee, or the Issuer stops or threatens to stop payment of, or is unable to or admits inability to pay, its debts generally (or any material class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to any applicable law, or is adjudicated or found bankrupt or insolvent; or

(f) if (a) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed in relation to the Issuer or, as the case may be, in relation to the whole or a part of its undertaking or assets, or an encumbrancer takes possession of the whole or a part of its undertaking or assets, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a part of its undertaking or assets, and (b) in any case (other than the appointment of an administrator) is not discharged within 45 days; or if the Issuer initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally or any class of its creditors; or

(g) if any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (d), (e) and (f) above,

provided that, in the case of any Event of Default other than those described in paragraphs (a) and (c), the Trustee shall have certified to the Issuer that the Event of Default is, in its opinion, materially prejudicial to the interests of the Noteholders.

11. Meeting of Noteholders, Modification, Waiver and Substitution

(a) Meeting of Noteholders

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10% in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the principal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Interest Rate, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, or (viii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

(b) Modification of the Trust Deed

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, or any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders and the Couponholders as soon as practicable.

(c) Substitution

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of any Subsidiary (as defined in the Trust Deed) of the Issuer in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Notes provided that the Issuer unconditionally and irrevocably guarantees all amounts payable under the Trust Deed and the Notes. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or the Couponholders, to a change of the law governing the Notes, the Receipts, the Coupons, the Talons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

(d) Entitlement of the Trustee

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

12. Replacement of Notes, Certificates, Receipts, Coupon and Talons

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

13. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them and/or the Issue Price (as specified in the Pricing Supplement)) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. Reference in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it, and any other securities (with the consent of the Trustee), shall be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities or other series where the Trustee so decides.

14. Enforcement

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed and the Notes, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-fifth in principal amount of the Notes outstanding, and (b) it shall have been indemnified to its satisfaction. No Noteholder, Receiptholder or Couponholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

15. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

16. Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*). If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

17. Currency Indemnity

Any amount received or recovered or falling to be due in a currency other than the currency in which payment under the relevant Note, Coupon or Receipt is due (under any applicable law and whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or

otherwise) by the Trustee or any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the currency of payment under the relevant Note, Coupon or Receipt that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, Coupon or Receipt, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, Coupon or Receipt or any other judgment or order.

18. Contracts (Rights of Third Parties) Act 1999

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

19. Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed, the Notes, the Receipts, the Coupons and the Talons are governed by, and shall be construed in accordance with, English law.

(b) Jurisdiction

The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

(c) Service of Process

The Issuer has irrevocably appointed the Swedish Trade Council, Winchester House, 259–269 Old Marylebone Road, London NW1 5RA to receive, for it and on its behalf, service of process in any proceedings in England.

Summary of Provisions relating to the Notes while in Global Form

Initial Issue of Notes

Upon the initial deposit of a Global Note with a common depositary for Euroclear and Clearstream, Luxembourg (the "Common Depositary"), or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depositary may (if indicated in the relevant Pricing Supplement) also be credited to the accounts of other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or such clearing system (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or such clearing system (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

Exchange

1. Temporary Global Notes

Each Temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

(i) if the relevant Pricing Supplement indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see "Summary of the Programme — Selling Restrictions"), in whole, but not in part, for the Definitive Notes defined and described below; and

(ii) otherwise, in whole or in part upon certification as to non-US beneficial ownership in the form set out in the Agency Agreement for interests in a Permanent Global Note or, if so provided in the relevant Pricing Supplement, for Definitive Notes.

Each Temporary Global Note which is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any Permanent Global Note or Definitive Notes for which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only.

2. Permanent Global Notes

Each Permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under "Partial Exchange of Permanent Global Notes", in part for Definitive Notes or, in the case of (iii) below, Registered Notes:

(i) unless principal in respect of any Notes is not paid when due, by the Issuer giving notice to the Noteholders, the Issuing and Paying Agent and the Trustee of its intention to effect such exchange;

(ii) if the relevant Pricing Supplement provides that such Global Note is exchangeable at the request of the holder, by the holder giving notice to the Issuing and Paying Agent of its election for such exchange;

(iii) if the Permanent Global Note is an Exchangeable Bearer Note, by the holder giving notice to the Issuing and Paying Agent of its election to exchange the whole or a part of such Global Note for Registered Notes; and

(iv) otherwise, (1) if the Permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system (an "Alternative Clearing System"), and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so or (2) if principal in respect of any Notes is not paid when due by the holder giving notice to the Issuing and Paying Agent of its election for such exchange.

3. Permanent Global Certificates

If the Pricing Supplement states that the Notes are to be represented by a Permanent Global Certificate on issue, transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2*(b)* may only be made in part:

(i) if the Notes represented by the Global Certificate are held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or

(ii) if principal in respect of any Notes is not paid when due; or

(iii) with the consent of the Issuer;

provided that, in the case of the first transfer of part of a holding pursuant to (i) or (ii) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

4. Partial Exchange of Permanent Global Notes

For so long as a Permanent Global Note is held on behalf of a clearing system and that clearing system so permits, such Permanent Global Note will be exchangeable in part on one or more occasions (1) for Registered Notes if the Permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes, or (2) for Definitive Notes (i) if principal in respect of any Notes is not paid when due or (ii) if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Pricing Supplement) relating to Partly-paid Notes.

5. Delivery of Notes

On or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a Temporary Global Note exchangeable for a Permanent Global Note, deliver, or procure the delivery of, a Permanent Global Note in an aggregate principal amount equal to that of the whole or that part of a Temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a Permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be. In this Offering Circular, "Definitive Notes" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and (if applicable) a Talon), Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each Permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

6. Exchange Date

"Exchange Date" means, in relation to a Temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a Permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

Amendment to Conditions

The Temporary Global Notes, Permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Offering Circular. The following is a summary of certain of those provisions:

1. Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a Permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any Temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-US beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. Condition 7*(e)*(vi) and Condition 8*(f)* will apply to the Definitive Notes only.

2. Prescription

Claims against the Issuer in respect of Notes that are represented by a Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

3. Meetings

The holder of a Global Note or of the Notes represented by a Global Certificate shall (unless such Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a Global Note shall be treated as having one vote in respect of each minimum Denomination of Notes for which such Global Note may be exchanged. (All holders of Registered Notes are entitled to one vote in respect of each Note comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

4. Cancellation

Cancellation of any Note represented by a Permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the principal amount of the relevant Permanent Global Note.

5. Purchase

Notes represented by a Permanent Global Note may only be purchased by the Issuer or any of its subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

6. Issuer's Option

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented to a Permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. If any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg or any other clearing system (as the case may be).

7. Noteholders' Options

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a Permanent Global Note may be exercised by the holder of the Permanent Global Note giving notice to the Issuing and Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised and at

the same time presenting the Permanent Global Note to the Issuing and Paying Agent, or to a Paying Agent acting on behalf of the Issuing and Paying Agent, for notation.

8. Trustee's Powers

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate.

9. Notices

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note.

10. Partly-paid Notes

The provisions relating to Partly-paid Notes are not set out in this Offering Circular, but will be contained in the relevant Pricing Supplement and thereby in the Global Notes. While any instalments of the subscription moneys due from the holder of Partly-paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a Permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly-paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to their holder in respect of them.

Use of Proceeds

The net proceeds of each issue of Notes will be used by the Issuer for its general corporate purposes.

Capitalisation and Indebtedness

The following table sets out the unaudited consolidated capitalisation and borrowings of the Issuer as at 30th September 2002.

	30th September 2002
	(SEK millions)
Current borrowings	
Current loan liabilities[1]	3,272
Total Current loan liabilities	3,272
Long-term borrowings	
Long-term liabilities[1]	18,361
Total long-term borrowings	18,361
Shareholders' equity and reserves	
Restricted shareholders' equity	
Share capital[2]	4,795
Restricted reserves	14,163
Unrestricted shareholders' equity	29,023
Total shareholders' equity and reserves	47,981
Total capitalisation[3][4]	66,342

Notes:

(1) All borrowings are unsecured and none of the borrowings are guaranteed.

(2) As at 30th September 2002, the share capital comprised 767,175,030 issued, authorised and fully paid-up shares of SEK 6.25 each. The shares are divided into two classes, class A and class B shares. There are 311,690,844 class A shares representing 40.6% of the share capital and 455,484,186 class B shares representing 59.4% of the share capital. The class A shares have one voting right per share and represent 87.2% of the total voting rights, while class B shares have one tenth of a voting right per share and represent 12.8% of the total voting rights.

(3) There are no material contingent liabilities or guarantees of the Issuer as at the date of this Offering Circular.

(4) Save as disclosed above, there has been no material change in the unaudited consolidated capitalisation and indebtedness, contingent liabilities or guarantees of the Issuer since 30th September 2002.

Investor

General

Investor is an industrial holding company with a net asset value of SEK 57 billion as at 30th September 2002 (compared to SEK 102 billion as at 30th September 2001). The total market value of Investor's holdings as at 30th September 2002 was SEK 76 billion (compared to SEK 114 billion as at 30th September 2001). Investor is a long-term committed shareholder in a number of public multinational global companies such as AstraZeneca, Ericsson and SEB. In addition, Investor has extensive private equity operations with offices in Stockholm, New York, Palo Alto, Hong Kong and Amsterdam.

Strategy

Investor's strategy is to create value for its shareholders and creditors through committed long-term ownership and investment operations. The management of its existing core holdings (see "Core Holdings") is Investor's main business. In addition, Investor makes new investments in companies that it believes have growth potential. Representation on the board of its core holdings allows Investor to support value creation through long-term operational improvements, restructuring (including mergers, acquisitions and disposals) and financial re-engineering.

History

Investor's origins date back to 1856 when Stockholm's Enskilda Bank (the "Bank") was founded. The Bank played an important role in the industrialisation of Sweden by providing capital to entrepreneurs and innovative companies. Through direct investments or by way of loan collateral, the Bank accumulated a significant share portfolio. In 1916, in response to legal changes restricting banks' holdings of equities, the Bank's shareholdings were transferred to a newly founded investment company, Investor. Investor operates under the Swedish Companies Act (1975: 1385) as amended and is registered on the *Patent och Registreringsverket* (the Patent Registration Authority) in Sweden with registration number 556013-8298.

Until 1972, Investor was closely associated with the Bank. The industrial companies in Investor's investment portfolio maintained ties to the Bank by depositing surplus liquidity with and obtaining funding from, the Bank. At the end of 1971 the Bank merged with Skandinaviska Banken to form Skandinaviska Enskilda Banken or S-E-Banken and Investor began the process of becoming independent from the Bank.

In 1982, Peter Wallenberg took over as chairman of Investor following the death of his father, Marcus Wallenberg and Investor has since evolved into a completely independent company. Since 1982, major structural changes have taken place within the Company's portfolio of core holdings which have been concentrated since this time on a smaller number of companies in which Investor plays an active ownership role.

In 1997, Percy Barnevik, chairman and former Chief Executive Officer ("CEO") of ABB AB, took over as chairman of Investor from Peter Wallenberg. At the Annual General Meeting in 1999, Claes Dahlbìck was succeeded by Marcus Wallenberg as Investor's CEO. Prior to this Marcus Wallenberg had been Deputy CEO since 1993.

On 14th February 2002, Percy Barnevik resigned as Chairman and director of the Board of Investor AB. On the same day, 14th February 2002, the Board elected Claes Dahlbäck, former Vice Chairman of Investor AB, as the new Chairman of Investor AB.

Ownership

Investor is a public company, listed on Stockholmsbörsen. Three Wallenberg foundations (Knut and Alice Wallenberg Foundation, Marianne and Marcus Wallenberg Foundation and Marcus and Amalia Wallenberg Foundation) together comprise the largest shareholder group with 44.1% of the voting rights and 20.5% of the share capital as at 30th June 2002. The Wallenbergs have been closely connected with Investor throughout its history and were instrumental in its establishment. Since Investor's origins in 1916, various members of the Wallenberg family have held senior management positions and been directors of the Company.

Other major shareholders include BZ Group of Switzerland, mutual funds managed by Swedish commercial banks and various Swedish pension funds and insurance companies. Overall, foreign ownership as at 30th June 2002 accounted for 36.3% of the capital and 23.9% of the voting rights. The following table shows the 15 largest shareholders of the Company as at 30th June 2002.

Investor's 15 Largest Shareholders as at 30th June 2002

	% of voting rights	% of share capital
Knut and Alice Wallenberg Foundation	38.0	17.7
BZ Group[1]	13.0	9.1
EB Foundation	4.7	2.2
Skandia	3.7	3.7
Marianne and Marcus Wallenberg Foundation	3.5	1.6
Marcus and Amalia Wallenberg Foundation	2.6	1.2
SEB[2]	1.7	0.9
AMF-p	1.0	1.7
Third AP Fund	0.9	0.8
Second AP Fund	0.8	1.0
Alecta	0.8	3.3
Nordea mutual funds	0.8	0.8
Putnam Investments[3]	0.5	2.2
SB Foundation	0.4	0.2
Handelsbanken's mutual funds	0.3	0.7
Total	73	47

Notes:

Source: Investor AB. All figures according to VPC AB (the Swedish Securities Register Centre). No disclosure of holdings registered in the name of a foreign nominee is available.

(1) On 31st July 2002 it was announced that BZ Group Holding Limited reduced their holding to 9.0% of the voting rights and 8.8% of share capital.

(2) Represents the earlier holding of Trygg-Hansa.

(3) According to VPC. In addition, a holding registered in the name of a foreign nominee corresponding to 5% of the share capital was last disclosed in May 2000.

Organisational Structure

Investor is headquartered in Stockholm, Sweden and currently has regional investment offices in New York, Hong Kong, Palo Alto and Amsterdam. Investor closed its office in London on 31st December 2001. As at 30th September 2002 the Company had approximately 170 employees. The Stockholm office, established in 1916, houses Investor's corporate headquarters. As at 30th September 2002, 102 people were employed in the Stockholm office. Most senior management and corporate functions are located in Stockholm.

The New York office was established in the 1940s. With effect from 1st January 1999 new investments have been co-ordinated by a team headed by Börje Ekholm in New York. New investment operations essentially consist of three segments: Investor Growth Capital (New York, Palo Alto, Hong Kong, Stockholm, Amsterdam), Investor Asia Ltd (investment advisor to Investor Capital Partners — Asia Fund) (Hong Kong) and EQT (Stockholm, Copenhagen, Helsinki, Munich, Amsterdam). As at 30th September 2002, Investor Growth Capital had 53 people employed worldwide and Investor Asia Ltd had a team of 15 in Hong Kong. The international investment offices focus on investments in growth areas such as technology and healthcare. See "New Investments and Other Holdings — New Investments".

Core Holdings

Company	Number of shares[1] 30th September 2002	Market value 30th September 2002	Market value 30th September 2002	Share price performance 2002[3]	Share of Core Holdings	Share of capital[4]	Share of voting rights[4]	Market value 31st December 2001	Market value 31st December 2001
		(SEK/share[2])	(SEK million)	(%)	(%)	(%)	(%)	(SEK/share[2])	(SEK million)
Technology									
Ericsson	852,247,132	4	3,070	(92)	5	5	38	29	22,198
Saab AB	21,611,925	2	1,923	(11)	3	20	36	3	2,150
WM-data	70,302,500	1	485	(74)	1	18	31	2	1,455
		7	5,478		9			34	25,803
Engineering & Manufacturing									
ABB[5]	57,750,880	3	2,042	(70)	4	5	5	7	5,833
Atlas Copco	31,454,971	6	4,860	(34)	9	15	21	10	7,376
Electrolux	19,663,190	4	2,753	(11)	5	6	25	4	2,927
Scania	18,170,073	3	2,435	(30)	4	9	15	4	3,439
		16	12,090		22			25	19,575
Healthcare									
AstraZeneca	95,085,810	34	26,243	(43)	45	6	6	60	45,736
Gambro	68,638,225	3	2,533	(45)	4	20	26	6	4,496
		37	28,776		49			66	50,232
Financial services									
OM	14,350,507	1	459	(77)	1	17	17	2	1,980
SEB	139,672,295	14	11,034	(17)	19	20	21	17	12,928
		15	11,493		20			19	14,908
Total		75	57,837		100			144	110,518

Notes:

Source: Investor.

(1) Holding, adjusted for any shares on loan.

(2) Calculated on the basis of 767.2 million Investor shares.

(3) Most heavily traded class of share.

(4) After full dilution.

(5) Market value includes the holding in ABB's convertible bonds.

Ericsson

Ericsson is a leading supplier of telecommunication equipment, focusing on wireless infrastructure.

Ericsson's sales for the year ended 31st December 2001 amounted to SEK 210.8 billion. For the period ended 30th September 2002 sales were SEK 109.0 billion compared to SEK 152.3 billion for the same period in 2001.

After Ericsson's announcement about the results of its rights issue, Investor announced that it had subscribed for and been allocated 410,678,896 shares corresponding to its pro-rata share of the subscription rights and 27,500,000 shares based on purchased subscription rights. In addition, Investor was allocated 3,389,340 shares without the use of subscription rights.

After the new rights issue, Investor's holding in Ericsson now amounts to 256,660,096 A-shares and 595,587,036 B-shares corresponding to 38.3% of the voting rights and 5.3% of the share capital. On 30th June 2002, Investor's holding in Ericsson amounted to 38.7% of the votes and 5.0% of the share capital. The market value of Investor's holding as at 30th September 2002 was SEK 3.1 billion.

Saab AB

Saab AB ("Saab") is one of the world's leading high technology companies, with its main operations focusing on defence, aviation and space.

Saab has been listed on the O-list of the OM Stockholm Exchange since 1998. The Saab group consists of six core business areas: Saab Systems and Electronics, Saab Aerospace, Saab Technical Support & Services, Saab Bofors Dynamics, Saab Ericsson Space, and Saab Aviation Services.

Sales for the Saab group were SEK 15.7 billion in 2001 compared to SEK 17.8 billion in 2000. For the nine-month period ended 30th September 2002, sales amounted to SEK 11.7 billion compared to SEK 10.6 billion for the equivalent period in 2001. Investor's holding in Saab on 30th September 2002 consisted of 20% of the capital carrying 36% of the voting rights. The market value of Investor's holding as at 30th September 2002 was SEK 1.9 billion.

WM-data

WM-data is one of the leading computer services company in the Nordic region, specialising in integrated solutions for information technology and product development.

WM-data's sales for the year ended 31st December 2001 were SEK 11.98 billion compared to SEK 13.13 billion for the same period in the previous year. For the period ended 30th September 2002 total revenues amounted to SEK 5.22 billion compared to SEK 9.83 billion for the equivalent period in 2001. The difference is primarily due to the divestiture of Atea in July 2001. Earnings before interest, tax and amortization amounted to SEK 6 million for the first nine months of 2002, compared to SEK 1 million for the same period last year.

During 2002 WM-data continued the implementation of the restructuring programme it announced in 2001. WM-data intends to re-organise itself to focus on the following business areas: finance/insurance, telecom/ utilities, public sector/healthcare, process/manufacturing and retail.

During 2002 90% of the resource-oriented training and consulting operations of WM-data, under the brand name Humanpro, were sold to Vedior NV, leaving WM-data with a 10% stake.

On 26th August 2002 Rickard Petri was appointed CFO, succeeding Peter Sävje. Petri, formerly chief of treasury and investor relations, has worked for WM-data since 1995.

In February 2002 Investor increased its holding in WM-data, acquiring 15 million A-shares. Investor's holding in WM-data as at 30th September 2002 consisted of 17.9% of the share capital, carrying 31.0% of the voting rights. The market value of Investor's holding as at 30th September 2002 was SEK 485 million.

ABB

ABB is a global leader in power and automation technologies that enable utility and industry customers to improve performance while lowering their environmental impact. As at 30th September 2002, ABB employed approximately 146,000 people in more than 100 countries.

ABB's sales were US$23.7 billion during the year ended 31st December 2001 (compared to US$23.0 billion during 2000) and the pre-tax profit from continuing operations was US$45 million (compared to US$1.3 billion during 2000). For the period ended 30th September 2002, sales were US$16.0 billion (compared to US$16.4 billion during the equivalent period in 2001) and the pre-tax profit was US$193 million (compared to US$551 million during the equivalent period in 2001).

In the third quarter of 2002, Jürgen Dormann replaced Jörgen Centerman as CEO of ABB. The company has continued to streamline operations by selling, for example, most of its Structured Finance business, which had a positive impact on ABB's balance sheet. The company has indicated that it intends to speed up efforts to boost efficiency and sharpen the focus of operations. ABB is also focusing on improving operating results and increasing its transparency.

Investor's holding in ABB as at 30th September 2002 consisted of 5% of the share capital carrying 5% of the voting rights. The market value of Investor's holding as at 30th September 2002 was SEK 2.0 billion.

Atlas Copco

Atlas Copco is a global industrial group headquartered in Stockholm, Sweden. As at 30th September 2002 the group, which was founded in 1873, employed more than 26,000 people and manufactured products in 13 countries on five continents.

The group operates through a number of divisions within four business areas: Compressor Technique, Construction and Mining Technique, Industrial Technique, and Rental Service.

With effect from 1st July 2002, Gunnar Brock replaced Giulio Mazzalupi as CEO of the Atlas Copco Group. Atlas Copco's sales for the year ended 2001 amounted to SEK 51.1 billion compared to SEK 46.5 billion in the year ended 2000, an increase of 10%. As at 30th September 2002, sales were SEK 35.6 billion compared to SEK 38.0 billion for the same period in 2001, a decrease of 6%.

Operating profit for the year ended 31st December 2001 decreased by SEK 0.3 billion to SEK 6.1 billion, a decrease of 4% compared to the year ended 31st December 2000. Operating profit, excluding impairment charge, for the first nine months ended 30th September 2002 amounted to SEK 3.9 billion compared to SEK 4.8 billion for the equivalent period in 2001. In the third quarter of 2002, Atlas Copco took an impairment charge in the Rental Service business area of SEK 7.0 billion.

Investor's holding in Atlas Copco as at 30th September 2002 constituted 15% of the share capital carrying 21% of the voting rights. The market value of Investor's holding as at 30th September 2002 was SEK 4.9 billion.

Electrolux

Electrolux is the world's largest manufacturer (by annual sales) of household appliances with activities in more than 150 countries.

Following authorisation by the Annual General Meeting on 18th April 2002, Electrolux has continued to buy-back its shares. The authorisation covers buy-backs of up to 10% of the total number of shares. As of 30th September 2002, 4.7% of the total number of shares had been repurchased.

Electrolux's sales for the year ended 31st December 2001 amounted to SEK 135.8 billion compared to SEK 124.5 billion during the same period in 2000, representing an increase of 9%. The pre-tax profit, excluding items affecting comparability, for the year ended 31st December 2001 amounted to SEK 5.4 billion, which was a 23% decrease from the previous year. For the nine months ended 30th September 2002 sales were SEK 102.6 billion compared to SEK 103.9 billion for the corresponding period in 2001. The pre-tax profit, excluding items affecting comparability, for the nine months ended 30th September 2002 was SEK 6.2 billion, an increase of 51% from the corresponding period in the previous year. Operating income and margin showed a marked upturn, but from a low level in 2001. Income for the first nine months of 2001 was negatively impacted by one-off costs of approximately SEK 950 million which related to start-up costs of a new line of refrigerators.

As at 30th September 2002, Investor's holding in Electrolux constituted 6.1% of the share capital carrying 24.9% of the voting rights. The market value of Investor's holding as at 30th September 2002 was SEK 2.8 billion.

Scania

Scania is one of the world's leading manufacturers of heavy trucks and buses as well as industrial and marine engines. It has operations in Europe, Latin America, Australia and Asia, with activities in more than 100 different geographical markets.

In the year ended 31st December 2001, the total sales for Scania were SEK 53.1 billion, compared to SEK 51.4 billion for the same period in 2000. This was an increase of 3%. The pre-tax profit for the year ended 31st December 2001 amounted to SEK 1.5 billion, which was a decrease of 65% compared to the previous year's pre-tax profit. For the nine months ending 30th September 2002 sales amounted to SEK 33.8 billion, compared to SEK 37.9 billion for the equivalent period in 2001. The pre-tax profit for the nine months ended 30th September 2002 was SEK 2.5 billion, an increase of 62% from the corresponding period in the previous year.

Investor's holding in Scania as at 30th September 2002 consisted of 9% of the share capital and carried 15% of the voting rights. The market value of Investor's holding as at 30th September 2002 was SEK 2.4 billion.

AstraZeneca

AstraZeneca is one of the world's leading pharmaceutical companies. The company focuses on seven major therapeutic areas: gastrointestinal, cardiovascular, oncology (anti-cancer), respiratory, central nervous system, pain control and anaesthesia and infection.

AstraZeneca had total sales of US$16.7billion for the year ended 2001 compared to US$16.0 billion for the year ended 31st December 2000, an increase of 4%. For the period ended 30th September 2002 sales were US$13.2 billion compared to US$12.0 billion for the same period in 2001.

Omeprazole, the active substance in Losec (one of Astra Zeneca's biggest selling products), is covered by substance patents which began to expire in 1999. The US substance patent for Omeprazole expired in October 2001. The validity of the formulation patents were upheld in a court decision on 11th October 2002. In the same trial, all but one generic challenger (Kudco) were found to be infringing on these patents.

Investor's holdings as at 30th September 2002 in AstraZeneca constituted 5.5% of the share capital carrying 5.5% of the voting rights. The market value of Investor's holding as at 30th September 2002 was SEK 26.2 billion.

Gambro

Gambro is one of the leading manufacturers of dialysis equipment and renal care. The company is organised within the following business areas: Gambro Healthcare, Gambro Renal Products and Gambro BCT (Blood Component Technology).

Gambro had total sales of SEK 26.7 billion in the year ended 31st December 2001, compared to SEK 22.2 billion in the year ended 31st December 2000, an increase of 20.1%. As at 30th September 2002 sales amounted to SEK 20.7 billion compared to SEK 19.5 billion for the same period in 2000.

The group's acquisitions during the year ended 31st December 2001 amounted to SEK 1.8 billion. These acquisitions include clinics primarily in the USA.

Investor's holdings in Gambro as at 30th September 2002 constituted 20% of the share capital carrying 26% of the voting rights. The market value of Investor's holding as at 30th September 2002 was SEK 2.5 billion.

OM

OM develops transaction technology for exchanges in the financial and energy markets. The company also owns and operates exchanges in Stockholm, London and Calgary.

Today, OM is made up of five business areas — Broker Services, Energy Market Solutions, Financial Market Solutions, Global Services, and Stockholmsbörsen. On 14th October 2002, OM decided to close Jiway — the electronic cross-border exchange. Jiway was launched in 2000 together with Morgan Stanley. In October 2001, OM took full control of Jiway and restructured the business. Jiway originally consisted of two parts; the Jiway marketplace and Jiway Broker Services. The former Jiway Broker services was integrated within OM's Broker Services division and the Jiway marketplace continued to operate under the name Jiway. Taking into account the profitability forecast, OM decided that it was not financially feasible to continue the Jiway marketplace operations.

Total revenues in the year ended 31st December 2001 were SEK 3.1 billion compared to SEK 3.2 billion for the same period in 2000. For the nine-month period ended 30th September 2002, revenues were SEK 2.0 billion compared to SEK 2.2 billion for the equivalent period in 2001.

Investor's holding in OM as of 30th September 2002 consisted of 17% of the share capital carrying 17% of the voting rights. The market value of Investor's holding on 30th September 2002 was SEK 0.46 billion.

SEB

SEB is a European financial group focused primarily on companies, institutions, and financially active private individuals. SEB has a total of 675 branch offices in Sweden, Germany and the Baltic countries and a total of four million customers, of whom one million are e-banking customers. On 31st December 2001, the SEB Group had SEK 1,163 billion in total assets and SEK 871 billion in assets under management. The group is represented in some 20 countries and has 20,700 employees.

The SEB group's business is organized into six main business areas: Nordic Retail & Private Banking, Corporate & Institutions, SEB Germany, SEB Asset Management, SEB Trygg Liv, and The Baltic & Poland.

The SEB group's operating profit amounted to SEK 7.2 billion in the year ended 31st December 2001 compared to SEK 9.7 billion for the previous year. As at 30th September 2002, the year-to-date operating profit was SEK 5.5 billion compared to SEK 5.7 billion for the equivalent period in 2001.

Investor has increased its holding in SEB on two occasions during 2002. In March 2002, Investor disclosed that 250,000 A shares had been acquired. In June 2002, Investor disclosed that a further 4,050,000 A shares had been acquired. Investor's holding in SEB as at 30th September 2002 consisted of 20% of the share capital carrying 21% of the voting rights. The market value of Investor's holding as at 30th September 2002 was SEK 11.0 billion.

New Investments

Investor seeks new investments in private and public companies, primarily in growth areas such as technology and healthcare, which have the potential to generate a high return. The new investment business is conducted as active investment operation, with an investment horizon generally of five to seven years. The strategy for the new investments business is to build a well-diversified portfolio with representation across company development stages, industry sectors and geographic locations. The establishment of Investor's private equity operations began in 1994-95.

In January 2000, Investor's board decided to allocate capital of US$3.0 billion (approximately SEK 27.88 billion[1]) to these new investment activities. The allocated capital provides a framework for the investment volume. The combined market value of Investors' new investments as at 30th September 2002 was SEK 13.2 billion.

New investments business

Investor Growth Capital is wholly owned by Investor and focuses on expansion stage investments. It concentrates on Asian, European and North American companies active in the information technology and healthcare sectors. Investor Growth Capital has offices in Stockholm, New York, Palo Alto, Hong Kong and Amsterdam. Investor Growth Capital was formed during 2000 through a merger of the investment activities of Novare Kapital and Investor International. During 2002, Investor Growth Capital has concentrated its IT investments in Europe through the majority-owned venture capital company, b-business partners. Of the total capital allocated to new investments, US$1.8 billion (approximately SEK 16.7 billion[1]) was allocated to Investor Growth Capital. As at 30th September 2002 the value of Investor Growth Capital's holdings amounted to SEK 8.4 billion.

Investor Capital Partners — Asia Fund is a private equity fund which focuses on growth investment opportunities in Asia, excluding Japan and India. Its investment adviser is Investor's wholly owned subsidiary Investor Asia Limited. The fund closed its first round of financing, resulting in committed capital of US$322 million (approximately SEK 3.0 billion[1]), during 2000. Investor has committed US$200 million (approximately SEK1.9 billion[1]) to the fund. As at 30th September 2002, Investor Capital Partners — Asia Fund's total investments had a market value of SEK 0.1 billion. From 1st July 2002 Investor's direct holdings that were previously reported under Investor Capital Partners — Asia Fund were reported under Investor Growth Capital. This is a consequence of Investor Growth Capital's establishment of a Hong Kong office.

EQT seeks control positions in medium-sized, preferably unlisted companies, with a high return potential through various forms of restructuring. EQT is operated in the form of a number of LBO funds with capital from both Investor and external investors. Investor is the principal owner of the investment adviser to the funds (EQT Partners AB) holding 66.7% of the share capital as at 31st December 2001. Investor has allocated SEK 8 billion to investments in EQT and the market value of Investor's share of EQT's investments as at 30th September 2002 amounted to SEK 4.6 billion. EQT's funds have received commitments totalling approximately SEK 30 billion.

Other Holdings and Other Operations

Investor also conducts operations in a small number of wholly and partly owned companies. This business area includes Investor's active portfolio management activities, The Grand Group and real estate management.

The combined value of other holdings and other operations amounted to SEK 5.4 billion as at 30th September 2002.

Hi3G

Hi3G is one of four companies that have been awarded a licence (in December 2000) to build a nationwide mobile network in Sweden to provide services based on the UMTS standard. Hi3G is owned by Investor (40%) and Hong Kong-based Hutchison Whampoa (60%).

During 2001 Hi3G and Vodafone formed a joint venture company, 3G Infrastructure in Sweden, (3GIS). On 15th January 2002, it was announced that Orange joined the Hi3G and Vodafone joint venture company for network construction — 3GIS. Later in the third quarter Hi3G and the joint venture company signed an agreement with Telia covering the co-location of 3G masts in certain areas. Hi3G also signed agreements with a number of companies in relation to content rights. Hi3G also announced in the second quarter that it had signed a letter of intent with Vodafone concerning a national roaming agreement in which Hi3G will be able to use Vodafone's GSM network in Sweden.

During the third quarter of 2002 Hi3G announced that it will market its services under the name "3". 3 will be the global name for all of Hutchison Whampoa's 3G business. In Sweden, it is estimated that the first service will be launched on a small scale during the first half of 2003.

Hi3G previously estimated its peak financing need at about US$2.3 billion, (SEK 21 billion[1]), for its businesses in Sweden and Denmark. The owners and the company are continuously reviewing the business to further improve cost efficiency. Investor currently estimates that its capital contribution to Hi3G, in the form of a shareholder's contribution, will total between SEK 4 billion and SEK 5 billion. Of this amount, SEK 961 million was booked as of 30th September 2002 and approximately SEK 600 million is expected to be provided during the last quarter of 2002. The remaining capital is expected to be provided over the following five-year period.

(1) Based on the exchange rate as at 30th September 2002 US$1 = SEK 9.294.

Volvo

Following the cancelled merger between Volvo and Scania during the first quarter 2000, Volvo is no longer considered a core holding.

On 31st December 2001, Investor's remaining holding in Volvo amounted to 1,155,240 A shares and 12,864,480 B shares valued at SEK 2.460 million. In the second quarter of 2002, 3,039,700 shares were sold for SEK 604 million and another 265,000 shares were sold in the third quarter. Investor's remaining holding in Volvo amounted to 10,715,020 shares as of 30th September 2002 with a value of SEK 1.433 million.

Active portfolio management

Investor's active portfolio management recorded a gain of SEK 955 million for 2001.

In February 2002 it was announced that Investor would be allocating capital for management in a new company outside the Investor Group formed by Sven Nyman, Executive Vice President of Investor AB and responsible for active portfolio management. The scope of Investor's securities trading operations would be reduced at the same time.

Investor's active portfolio management activities generated income totalling SEK 355 million. in the first nine months of 2002 compared to SEK 1,167 million for the same period in 2001. Active portfolio management activities were conducted on a sharply reduced scale in the third quarter, due to the previously announced restructuring of the unit as mentioned above.

The Grand Group

The Grand Group conducts operations through Grand Hôtel and the Berns hotel, restaurant and conference facilities in Stockholm.

As at 30th September 2002, The Grand Group had a book value of SEK 1.075 million.

Land and real estate

Investor's land and real estate assets include, for example, the Company's headquarters. The land and real estate holdings had a combined value of SEK 350 million as at 30th September 2002.

Recent Performance

The total return on Investor shares amounted to –59% in the nine months ended 30th September 2002 (compared to –25% for the equivalent period in 2001).

Investor's net asset value as at 30th September 2002 amounted to SEK 56.9 billion (compared to SEK 102.0 billion as at 30th September 2001). This constituted SEK 74 per share (compared to SEK 133 per share for the same period in 2001). During the nine month period 2002, Core Holdings changed the net asset value by SEK –54.7 billion, of which Ericsson and AstraZeneca accounted for a substantial portion, and New Investments by SEK –1.3 billion. As at 31st December 2001, Investor's net asset value amounted to SEK 118.3 billion, corresponding to SEK 154 per share. The downturn in the return on Investor shares and Investor's net asset value is largely reflective of the downturn in the global equity markets and a slow-down of the investment climate as a whole.

As at 30th September 2002, the value of all Investor's holdings was SEK 75.7 billion (SEK 113.6 billion as at 30th September 2001). As at 31st December 2001, Investor's holdings amounted to SEK 129.4 billion.

Investor's net debt as at 30th September 2002 amounted to 18.7 billion. As at 31st December 2001, Investor's net debt amounted to SEK 11.1 billion. During the first quarter of 2002, Investor issued a bond amounting to EUR 500 million, (SEK 4.6 billion[1]). The purpose of the issue, which has a maturity of 10 years, was refinancing.

During the first quarter of 2002, Investor increased its holdings in WM-data (SEK 308 million) and in SEB (SEK 26 million).

During the second quarter of 2002, Investor increased its holdings in Ericsson (SEK 599 million) and in SEB (SEK 384 million). In the second quarter of 2002, Investor also participated in ABB's convertible bond issue (approximately SEK 530 million).

During the third quarter of 2002, Investor increased its holdings in Ericsson (SEK 1,756 million). In Ericsson's new rights issue, Investor subscribed for and was allocated 441,568,236 shares, of which 410,678,896 corresponded to its pro-rata allocation of subscription rights and 27,500,000 shares were based on acquired subscription rights.

(1) Based on the exchange rate as at 30th September 2002 EUR 1 = SEK 9.14.

In addition, Investor was allocated 3,389,340 shares without the use of subscription rights. As at 30th September 2002, Investor hold shares amounting to 5.3% of the capital and 38.3% of the votes in Ericsson. During the third quarter of 2002, Investor also increased its holdings in Electrolux (SEK 9 million).

During the nine months ended 30th September 2002, Investor invested SEK 3.5 billion in a number of companies within the new investments business area. Divestments amounted to SEK 1.7 billion, of which capital gains accounted for SEK 133 million during the same period. Write downs were taken for a total of SEK 878 million for the nine month period of 2002.

During the second quarter of 2002, Investor and Investor Capital Partners — Asia Fund sold their holdings in imGO for about SEK 820 million. The transaction generated a capital gain of approximately SEK 70 million.

During the second quarter of 2002, two IPOs were launched. Investor Growth Capital's investment Kyphon, a medical-device company, went public on the Nasdaq exchange in the U.S. and EQT's investment Ballingslöv, a kitchen-furniture manufacturer, was listed on the Stockholm Stock Exchange.

At the beginning of January 2002, Investor announced that Investor Growth Capital increased its ownership in b-business partners by acquiring 90% of ABB's shares for EUR 188 million (SEK 1.7 billion[1]). Investor also took over the corresponding share of ABB's future capital commitments. b-business partners decided, in view of the market's development, to temporarily return part of the capital invested by its shareholders. The positive net cash effect on Investor of the transactions was EUR 25 million, (SEK 229 million[1]).

During the first quarter of 2002, Investor announced that the scope of Investor's active portfolio management activities would be reduced and that Investor's organization would be reviewed. The review of staffing levels reduced the number of employees by approximately 40 people and mainly concerned Investor's organization in Sweden. Investor will be allocating capital for management by an independent company (see also *Active portfolio management*). The reduction of Investor's staff and the reduction of Investor's active portfolio management activities are in accordance with Investor's focus on its main areas of operations, being Core Holdings and New Investments.

During the third quarter of 2002, in relation to Investor's Other Holdings and Other Operations, shares were divested in Syngenta for SEK 520 million, generating a capital gain of SEK 84 million. Investor's remaining holding in Syngenta amounted to 1,299,857 shares on 30th September 2002. All remaining shares were sold for SEK 672 million after the close of the third period of 2002.

Investor's Annual General Meeting on 16th April 2002 approved a dividend of SEK 5.50 per share for the 2001 fiscal year and authorised the Board of Directors to decide on the purchase and transfer of the Company's shares. As at 30th September 2002 no shares had been repurchased.

Board of Directors of Investor

Claes Dahlbäck	Chairman since 2002, elected 1983, born 1947	Chairman of EQT Funds, Gambro AB, Investor Capital Partners, Stora Enso Oyj, Vin & Sprit AB. Vice Chairman of W Capital Management and Director of Findus.
Peter Wallenberg	Honorary Chairman since 1997, elected 1969, born 1926	Honorary Chairman of Atlas Copco and StoraEnso, Chairman of the Knut and Alice Wallenberg Foundation. Honorary President of the International Chamber of Commerce (ICC) in Paris.
Jacob Wallenberg	Executive Vice Chairman since 1999, elected 1998, born 1956	Chairman of SEB and W Capital Management. Vice Chairman of the Knut and Alice Wallenberg Foundation, Atlas Copco AB and AB Electrolux. Board member of ABB Ltd., Confederation of Swedish Enterprise and the Nobel Foundation.
Marcus Wallenberg	President and Chief Executive Officer since 1999, elected 1990, born 1956	Vice Chairman of Telefonaktiebolaget LM Ericsson and Saab AB. Board member of AstraZeneca PLC, Scania AB, Stora Enso Oyj and the Knut and Alice Wallenberg Foundation.
Sune Carlsson	Elected 2002, born 1941	President and Chief Executive Officer of AB SKF. Board member of Atlas Copco AB.
Håkan Mogren	Elected 1990, born 1944	Deputy Chairman of AstraZeneca PLC and Gambro AB. Chairman of Affibody AB, Reckitt Benckiser plc and the

(1) Based on the exchange rate as at 30th September 2002 EUR 1 = SEK 9.14.

		Research Institute of Industrial Economics (IUI), The Sweden-America Foundation, The Sweden-Japan Foundation and The British-Swedish Chamber of Commerce. Director of the Marianne and Marcus Wallenberg Foundation. Member of the Royal Swedish Academy of Engineering Sciences (IVA).
Koichi Nishimura	Elected 2001, born 1939	Chairman, President and Chief Executive Officer of Solecton Corporation. Director of OMM Inc., e2open, the Center for Quality Management and the Silicon Valley Manufacturing Group and trustees of the Santa Fe Institute.
Anders Schar	Elected 1988, Vice Chairman 1990-1999, born 1934	Chairman of Atlas Copco AB, Saab AB, AB SKF, AB Ph. Nederman & Co.. Member of the Royal Swedish Academy of Engineering Sciences.
Peter D. Sutherland	Elected 1995, born 1946	Chairman and Managing Director of Goldman Sachs International. Chairman of BP Amoco p.l.c. Board member of Telefonaktiebolaget LM Ericsson and Royal Bank of Scotland Group plc.
Björn Svedberg	Elected 1998, born 1937	Chairman of Eniro, Hi3G Access, Viviance AB, Nefab, Pyrosequencing, RKI (Denmark) and Salcomp (Finland). Board member of Gambro, Saab AB, the Knut and Alice Wallenberg Foundation, the Financial Supervisory Authority and the Morgan Stanley European Advisory Board.

Management Group

Marcus Wallenberg[1]	President and Chief Executive Officer since 1999, with Investor since 1990, born 1956
Börje Ekholm[2]	Executive Vice President, Head of New Investments since 1997, with Investor since 1992, born 1963
Lars Wedenborn[1]	Executive Vice President, Head of Finance and Administration, with Investor since 2000, born 1958
Henry E. Gooss[2]	Managing Director, New Investments, with Investor since 1998, born 1941
Adine Grate Axén[1]	Managing Director, Head of Corporate Finance, with Investor since 1994, born 1961
Fredrik Hillelson[1]	Managing Director, Head of Human Resources, with Investor since 1997, born 1962

Executive Management Group

Marcus Wallenberg	President and Chief Executive Officer since 1999, with Investor since 1990, born 1956
Börje Ekholm	Executive Vice President, Head of New Investments since 1997, with Investor since 1992, born 1963
Lars Wedenborn	Executive Vice President, Head of Finance and Administration, with Investor since 2000, born 1958

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Unaudited Consolidated Interim Financial Statements of Investor

The information set out on pages 41 to 43 inclusive has been extracted without material adjustment from the consolidated unaudited accounts of Investor as at or for the nine months ended 30th September 2002 except that the information on pages 41 and 42 relating to the periods 1st January 2001 to 31st December 2001 has been extracted without material adjustment from the annual report of 31st December 2001.

Group Statement of Cash Flows

	1st January 2002 to 30th September 2002	1st January 2001 to 30th September 2001	1st January 2001 to 31st December 2001
		(SEK millions)	
Cash flow from operating activities			
Core holdings			
Dividends received	1,518	2,119	2,351
New investments and other holdings			
Dividends received	213	243	246
Securities trading, other operations and operating costs			
Payments received	32,315	68,128	85,604
Payments made	(31,711)	(67,171)	(84,337)
Cash flow from operating activities before net interest income/expense and income taxes	2,335	3,319	3,864
Interest received/paid	(492)	(431)	(570)
Income taxes paid	(259)	(151)	(150)
Cash flow from operating activities	1,584	2,737	3,144
Cash flow from investing activities			
Core holdings			
Purchases	(3,610)	(15,081)	(15,095)
Sales	—	13,556	13,566
New investments and other holdings			
Purchases	(4,215)	(4,811)	(8,035)
Sales	2,797	6,389	9,716
Investments in tangible fixed assets	(32)	(80)	(54)
Sold tangible fixed assets	71	20	23
Cash flow from investing activities	(4,989)	(7)	111
Cash flow from financing activities			
Long-term loans raised/amortised	7,496	(2,164)	(1,901)
Change in short-term financial liabilities, net	(120)	(399)	497
Dividends paid	(4,219)	(4,218)	(4,218)
Cash flow from financing activities	3,157	(6,781)	(5,622)
Cash flow for the period	(248)	(4,051)	(2,367)
Liquid assets, opening balance	3,371	5,723	5,723
Translation difference in liquid assets	(36)	17	15
Liquid assets, closing balance	3,087	1,689[1]	3,371[2]

Notes:

(1) Adjusted by SEK –525 million since corresponding items have been including in other liabilities, which are not included in the calculation of net debt.

(2) Adjusted by SEK 974 million, since corresponding items have been included in other liabilities, which are not included in the calculation of net debt.

Group Consolidated Income Statement

(Acquisition Value Method)

	1st January 2002 to 30th September 2002	1st January 2001 to 30th September 2001	1st January 2001 to 31st December 2001
		(SEK millions)	
Dividends received	1,715	2,351	2,351
Capital gains, net	—	7,008	7,008
Operating costs	(109)	(146)	(193)
Net income — core holdings	1,606	9,213	9,166
Dividends received	213	243	246
Capital gains, net	(1,068)	(1,875)	(672)
Operating costs	(220)	(239)	(344)
Net income — new investments and other holdings	(1,075)	(1,871)	(770)
Net securities trading	355	1,167	955
Net sales	475	473	597
Cost of goods and services sold	(474)	(321)	(519)
Operating costs	(86)	(102)	(119)
Net income — other operations	270	1,217	914
Group wide operating costs	(35)	(60)	(84)
Operating income	766	8,499	9,226
Net financial items	(508)	(368)	(580)
Income after financial items	258	8,131	8,646
Taxes	(108)	(447)	(476)
Minority interest	(4)	(11)	(14)
Income for the period	146	7,673	8,156

Group Balance Sheet at Book Value

(Acquisition Value Method)

	30th September 2002	30th September 2001	31st December 2001
		(SEK millions)	
Assets			
Equipment and real estate, etc.	1,415	1,527	1,490
Shares and participations	66,624	65,822	65,482
Receivables	1,363	3,016	1,851
Cash and short-term investments	3,087	2,214	4,345
Total assets	72,489	72,579	73,168
Shareholders' equity and liabilities			
Shareholders' equity[1]	47,981	52,494	52,986
Provision for pensions	198	190	196
Loans	21,633	13,098	14,257
Other liabilities	2,677	6,797	5,729
Total shareholders' equity and liabilities	72,489	72,579	73,168
Net debt			
Cash and short-term investments	3,087	1,689[2]	3,371[3]
Loans	(21,633)	(13,098)	(14,257)
Provision for pensions	(198)	(190)	(196)
Total net debt	(18,744)	(11,599)	(11,082)

Notes:

(1) Shareholders' equity changed during the period:

Opening balance	52,986	48,782	48,782
Dividend to shareholders	(4,219)	(4,218)	(4,218)
Income for the period	146	7,673	8,156
Other changes	(932)	257	266
Closing balance	47,981	52,494	52,986

(2) The calculation of net debt was adjusted by SEK –525 million since corresponding items have been included in other liabilities, which are not included in the calculation of net debt.

(3) The calculation of net debt was adjusted by SEK –974 million since corresponding items have been included in other liabilities, which are not included in the calculation of net debt.

Taxation

The following summary outlines certain Swedish tax consequences relating to the Notes for prospective purchasers that are not considered to be Swedish residents for Swedish tax purposes, if not otherwise stated. The summary is based on the laws of the Kingdom of Sweden as currently in effect. These laws are subject to change, possibly on retroactive basis. Prospective purchasers are urged to consult their professional tax advisors regarding the Swedish tax and other tax consequences (including the applicability and effect of double taxation treaties) of acquiring, owning and disposing of Notes in their particular circumstances.

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

Swedish withholding tax, or Swedish tax deduction, is not imposed on payments of any principal amount or interest to the Noteholder, except on certain payments of interest to a private individual (or an estate of a deceased individual) with residence in Sweden for tax purposes.

Generally, for Swedish corporations and private individuals (and estates of deceased individuals) with residence in Sweden for tax purposes, all capital income (e.g. interest and capital gain on a Note) will be taxable. Specific tax consequences, however, may be applicable to certain categories of corporations, e.g. investment companies and life insurance companies.

Proposed EU Directive on Taxation of Savings Income

The European Union is currently considering a proposal for a new directive regarding taxation of savings income in the form of interest payments. The proposal applies if the beneficial owner (any individual who receives an interest payment) is resident in a Member State other than that in which the paying agent (any economic operator who pays interest to the beneficial owner) is established. It is proposed that the paying agent shall provide information about the beneficial owner and the interest payment to the competent authority of its Member State. The competent authority of the Member State of the paying agent shall communicate this information to the competent authority of the Member State of residence of the beneficial owner. During a seven-year transitional period, Belgium, Luxembourg and Austria are authorised to levy a withholding tax at a rate of 15% during the first three years and 20% for the remainder of the period rather than exchanging information.

Subscription and Sale

Subject to the terms and on the conditions contained in a Programme Agreement dated 18th December 1997 (as amended and restated by an Amended and Restated Programme Agreement dated 12th December 2002) (the "Programme Agreement"), between the Issuer, the Permanent Dealers and the Arranger, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to issue Notes directly on its own behalf to Dealers that are not Permanent Dealers and who agree to be bound by the restrictions below. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Programme Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arranger for its expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Pricing Supplement.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Programme Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

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, US persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form having a maturity of more than one year are subject to US 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 US tax regulations. Terms used in this paragraph have the meanings given to them by the US Internal Revenue Code and regulations thereunder.

Each Dealer has agreed that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Notes of any identifiable Tranche, (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the Dealer, by the Issuing and Paying Agent, or in the case of Notes issued on a syndicated basis, the Lead Manager, within the United States or to, or for the account or benefit of, US persons, and it will have sent to each dealer to which it sells 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, US persons. Unless otherwise defined herein, terms used in this paragraph have the meanings given to them in Regulation S under the Securities Act.

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

Sweden

Each Dealer has agreed that it will not, directly or indirectly, offer for subscription or purchase or issue invitations to subscribe for or buy or sell the Notes or distribute any draft or definitive document in relation to any such offer, invitation or sale in the Kingdom of Sweden except in compliance with the laws of the Kingdom of Sweden.

United Kingdom

Each Dealer has represented, warranted and agreed that:

(i) in relation to Notes which have a maturity of one year or more and which are to be admitted to the Official List, it has not offered or sold and will not offer or sell any Notes to persons in the United Kingdom prior to admission of such Notes to such listing in accordance with Part VI of the Financial Services and Markets Act 2000 (the "FSMA") except 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 otherwise in circumstances that have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995;

(ii) in relation to Notes which have a maturity of one year or more and which are not to be admitted to the Official List, it has not offered or sold and, prior to the expiry of a period of six months from the issue date of the

Notes, will not offer or sell any such Notes to persons in the United Kingdom except 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 otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995;

(iii) it has complied with 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;

(iv) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of such Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(v) in relation to any Notes which have a maturity of less than one year, (a) 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 (b) it has not offered or sold and will not offer or sell any such 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 FSMA by the Issuer.

Federal Republic of Germany

Each Dealer represents and agrees that it will only offer Notes in the Federal Republic of Germany in compliance with the provisions of the German Securities Prospectus Act of 9th September 1998 as amended, or any other laws applicable in the Federal Republic of Germany governing the offer and sale of the Notes in the Federal Republic of Germany.

Japan

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the "Securities and Exchange Law"). Accordingly, each of the Dealers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Securities and Exchange Law and other relevant laws and regulations of Japan. As used in this paragraph, "resident of Japan" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

General

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

Other than in the United Kingdom, no action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Offering Circular or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will, to the best of its knowledge and belief, comply with all applicable securities laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Offering Circular or any other offering material.

General Information

1. The listing of the Notes on the Official List will be expressed as a percentage of their principal amount (exclusive of accrued interest). It is expected that listing of the Notes on the Official List and admission to trading of the Notes on the London Stock Exchange's market for listed securities will be granted on or around 17th December 2002. Each Tranche of Notes will be listed separately, subject only to the issue of a Temporary or Permanent Global Note (or one or more Certificates) in respect of each Tranche. Prior to official listing, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the third working day after the day of the transaction. However, unlisted Notes may be issued pursuant to the Programme.

2. The Issuer has obtained all necessary consents, approvals and authorisations in the Kingdom of Sweden in connection with the issue and performance of the Notes. The issue of the Notes under the Programme was authorised by a resolution of the Board of Directors passed on 11th November 1997 and the update of the Programme and the issue of Notes was further authorised by an additional resolution of the Board of Directors passed on 8th November 2000.

3. There has been no significant change in the financial or trading position of the Issuer or of the Group since 30th September 2002 and no material adverse change in the financial position or prospects of the Issuer or of the Group since 31st December 2001.

4. Neither the Issuer nor any of its subsidiaries is or has been involved in any legal or arbitration proceedings that may have, or have had during the 12 months preceding the date of this document, a significant effect on the financial position of the Group or of the Issuer nor is the Issuer aware that any such proceedings are pending or threatened.

5. Each Bearer Note, Receipt, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitation provided in Section 165(j) and 1287(a) of the Internal Revenue Code".

6. Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The Common Code and the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Pricing Supplement.

7. From the date of this Offering Circular and for so long as any Notes are outstanding under the Programme, the following documents (together with English translations where applicable) will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the offices of the Issuer and the Issuing and Paying Agent:

(i) the Trust Deed (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons, the Receipts and the Talons);

(ii) the Programme Agreement;

(iii) the Agency Agreement;

(iv) the Certificate of Registration and Articles of Association of the Issuer;

(v) the published annual report and audited consolidated accounts of the Issuer for the two years ended 31st December 2001 and the most recent published interim accounts;

(vi) each Pricing Supplement for Notes that are listed on the Official List and admitted to trading on the London Stock Exchange's market for listed securities or any other stock exchange;

(vii) a copy of the Offering Circular or any further Offering Circular or supplement to the Offering Circular; and

(viii) a copy of any subscription agreement to be entered into in respect of Notes issued on a syndicated basis that are listed on the Official List and admitted to trading on the London Stock Exchange's market for listed securities.

8. Copies of the latest annual report and consolidated accounts of the Issuer and the latest interim consolidated accounts of the Issuer may be obtained, and copies of the Trust Deed will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding.

9. KPMG Bohlins AB and Ernst & Young AB independent public accountants, have audited, and rendered unqualified audit reports on, the consolidated accounts of the Issuer for each of the three years ended 31st December 2001.

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