Offering Memorandum

Not for general distribution in the United States

Stena AB (publ)

€200,000,000
7.875% Senior Notes due 2020

Interest payable March 15 and September 15

Issue Price: 98.3113%

The notes will mature on March 15, 2020. Interest on the notes will accrue from March 16, 2010, and the first interest payment date will be September 15, 2010.

The notes are not redeemable prior to maturity, except as set forth herein. At any time prior to the maturity of the notes, we may redeem some or all of the notes at a price equal to 100% of the principal amount plus accrued and unpaid interest plus a "make-whole" premium. In addition, we may redeem all of the notes at a price equal to their principal amount plus accrued and unpaid interest, if any, upon the occurrence of certain changes in tax law. If we experience specific kinds of changes of control, we must offer to purchase the notes.

The notes will be general unsecured obligations of Stena AB (publ) and will rank equally with all our existing and future unsecured senior debt. Because Stena AB is a holding company and all of our operations are conducted through our subsidiaries, the notes will be structurally subordinated to all existing and future liabilities (including trade payables) of our subsidiaries, including those under our revolving credit facilities.

See "Risk factors" beginning on page 23 for a discussion of certain risks that you should consider in connection with an investment in the notes.

The notes have not been, and will not be, registered under the United States Securities Act of 1933 (the "Securities Act") or the securities laws of any other jurisdiction. We are offering the notes only to qualified institutional buyers under Rule 144A and to persons outside the United States (the "U.S.") under Regulation S. We do not intend to register the notes pursuant to an exchange offer under the Securities Act.

Application has been made to list the notes on the Official List of the Luxembourg Stock Exchange and to trade on the Euro MTF Market of that exchange. This offering memorandum constitutes a prospectus for the purposes of Part IV of the Luxembourg Act dated July 10, 2005 relating to prospectuses for securities.

Delivery of the notes was made to investors in book-entry form through Euroclear and Clearstream on March 16, 2010.

Joint Book-running Managers

Deutsche Bank **J.P. Morgan**

April 1, 2010


www.stenaline.com


Stena DrillMAX

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In making your investment decision, you should rely only on the information contained in this offering memorandum. We and the initial purchasers have not authorized any other person to provide you with any information. If you receive any other information, you should not rely on it.

We and the initial purchasers are offering to sell the notes only in places where offers and sales are permitted.

You should not assume that the information contained in this offering memorandum is accurate as of any date other than the date on the front cover of this offering memorandum.

Table of contents

Stena AB (publ) is a stock corporation of limited liability incorporated on August 9, 1897 under the laws of the Kingdom of Sweden and governed by the Swedish Companies Act. Our principal executive offices are located at Masthuggskajen, SE-405 19 Gothenburg, Sweden, and our telephone number at that address is +46-31-855-000. Our registered office is in the Commune of Gothenburg, Vastra Gotaland County, Sweden. Our website address is http://www.stena.com. The information in our website is not part of this offering memorandum.

In this offering memorandum, the terms “we”, “us”, “our”, “Stena”, “Stena AB” and the “Company” refer to Stena AB (publ) and its subsidiaries, unless the context requires otherwise, and “initial purchasers” refers to the firms listed at the bottom of the cover of this offering memorandum. The term “Issuer” refers to Stena AB. The term “Stena Sphere” refers to Stena AB, together with Stena Sessan AB (“Sessan”), Stena Metall AB (“Stena Metall”) and Concordia Maritime AB (publ) (“Concordia”), which is 52% owned by Sessan.

We have prepared this offering memorandum, are solely responsible for its contents and accept responsibility for the information contained in this offering memorandum. To the best of our knowledge, the information contained in this offering memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. This offering memorandum does not constitute a prospectus for the purposes of EU Directive 2003/71/EC (the ‘‘Prospectus Directive’’). This offering memorandum may only be used for the purposes for which it has been published.

You are responsible for making your own examination of us and your own assessment of the merits and risks of investing in the notes. You may contact us if you need any additional information. By purchasing any notes, you will be deemed to have acknowledged that:

- **you have reviewed this offering memorandum;**
- **you have had an opportunity to request any additional information that you need from us; and**
- **the initial purchasers are not responsible for, and are not making any representations to you concerning, our future performance or the accuracy or completeness of this offering memorandum.**

We are not providing you with any legal, business, tax or other advice in this offering memorandum. You should consult with your own advisors as needed to assist you in making your investment decision and to advise you whether you are legally permitted to purchase any of the notes.

You must comply with all laws that apply to you in any place in which you buy, offer or sell any notes or possess this offering memorandum. You must also obtain any consents or approvals that you need in order to purchase any of the notes. We and the initial purchasers are not responsible for your compliance with these legal requirements.

We are offering the notes in the United States in reliance on exemptions from the registration requirements of the Securities Act. These exemptions apply to offers and sales of securities that do not involve a public offering. The notes have not been recommended by any federal, state or foreign securities authorities and they have not determined that this offering memorandum is accurate or complete. Any representation to the contrary is a criminal offense in the United States.

The notes have not been and will not be registered under the Securities Act. The notes are subject to restrictions on resale and transfer as described under “Transfer restrictions.” By purchasing any notes, you will be deemed to have made certain acknowledgements, representations and agreements as described in that section of this offering memorandum. You may be required to bear the financial risks of investing in the notes for an indefinite period of time.

In connection with this offering, Deutsche Bank AG, London Branch, may over-allot or effect transactions for a limited period of time with a view to supporting the market prices of the notes at a level higher than that which might otherwise prevail. However, Deutsche Bank AG, London Branch, is not obligated to do this. Such stabilizing, if commenced, may be discontinued at any time, and must be brought to an end after a limited period.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER RSA 421-B WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS

UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT, ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO CERTAIN INVESTORS

European Economic Area

This offering memorandum has been prepared on the basis that all offers of the notes will be made pursuant to an exemption under Article 3 of the Prospectus Directive, as implemented in member states of the European Economic Area (the "EEA"), from the requirement to produce a prospectus for offers of the notes. Accordingly, any person making or intending to make any offer within the EEA of the notes should only do so in circumstances in which no obligation arises for the Company or any of the initial purchasers to produce a prospectus for such offer. Neither the Company nor the initial purchasers have authorized, nor do they authorize, the making of any offer of the notes through any financial intermediary, other than offers made by the initial purchasers, which constitute the final placement of the notes contemplated in this offering memorandum.

In relation to each member state of the EEA that has implemented the Prospectus Directive (each, a "Relevant Member State"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, the offer of any notes which is the subject of the offering contemplated by this offering memorandum is not being made and will not be made to the public in that Relevant Member State, other than: (a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities; (b) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year, (ii) a total balance sheet of more than € 43,000,000, and (iii) an annual net turnover of more than € 50,000,000, as shown in its last annual or consolidated accounts; or (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive; provided that no such offer of the notes shall require the Company or the initial purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of notes to the public" in relation to the notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase the notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "Prospectus Directive" means Directive 2003/7 1/EC and includes any relevant implementing measure in each Relevant Member State.

Each subscriber for or purchaser of the notes in the offering located within a member state of the EEA will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive. The Company, each initial purchaser and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

United Kingdom

This offering memorandum is for distribution only to, and is only directed at, persons who: (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order"); (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order; or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons").

France

This offering memorandum has not been prepared in the context of a public offering in France within the meaning of Article L.411-1 of the French Code *Monétaire et Financier* and Title I of Book II of the *Réglement Général of the Autorité des Marchés Financiers* (the "AMF") and therefore has not been filed with the AMF for prior approval. Consequently, the notes are not being offered, directly or indirectly, to the public in France and this offering memorandum (or any other offering material relating to the notes) has not been and will not be released, issued or distributed or caused to be released, issued or distributed to the public in France or used in connection with any offer for subscription or sale of the notes to the public in France.

The notes may only be offered or sold in the French Republic to (i) persons providing investment services relating to portfolio management for the account of third parties, (ii) qualified investors (*investisseurs qualifiés*) and/or (iii) a limited group of investors (*cercle restreint d'investisseurs*), taking part in the transaction solely for their own account as defined in and in accordance with articles L.411-2, D.411-1 to D. 411-4, D. 744-1, D. 754-1 and D. 764-1 of the French *Code Monétaire et Financier*.

Prospective investors are informed that the notes may not be further distributed directly or indirectly to the public in the French Republic otherwise than in accordance with articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French Code *Monétaire et Financier*.

Germany

The offering of the notes is not a public offering in the Federal Republic of Germany. The notes may be offered and sold in the Federal Republic of Germany only in accordance with the provisions of the Securities Prospectus Act of the Federal Republic of Germany (the "Securities Prospectus Act", *Wertpapierprospektgesetz WpPG)* and any other applicable German law. No application has been made under German law to publicly market the notes in or out of the Federal Republic of Germany. The notes are not registered or authorized for distribution under the Securities Prospectus Act and accordingly may not be, and are not being, offered or advertised publicly or by public promotion. Therefore, this offering memorandum is strictly for private use and the offer is only being made to recipients to whom the document is personally addressed and does not constitute an offer or advertisement to the public. Consequently, in Germany the notes will only be available to, and this offering memorandum and any other offering material in relation to the notes is directed only at, persons who are qualified investors (*qualifizierte Anleger)* within the meaning of Section 2 No. 6 of the Securities Prospectus Act. Any resale of the notes in Germany may only be made in accordance with the Securities Prospectus Act and other applicable laws.

Italy

The offering of the notes has not been cleared by the *Commissione Nazionale per la Societa e la Borsa* ("CONSOB") (the Italian Securities Exchange Commission), pursuant to Italian securities legislation and, accordingly, in the Republic of Italy the notes may not be offered, sold or delivered, nor may copies of this offering memorandum or of any other document relating to the notes be distributed in the Republic of Italy, except:

(a) to qualified investors (*operatori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of February 24, 1998, as amended (the "Financial Services Act") and Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of May 14, 1999, as amended from time to time ("Regulation No. 11971"); or

(b) in circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the notes or distribution of copies of this offering memorandum or any other document relating to the notes in the Republic of Italy under (i) or (ii) above must be:

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1 September 1993 (the "Banking Act"), the Financial Services Act, CONSOB Regulation No. 16190 of October 29, 2007 (as amended from time to time) and any other applicable laws and regulations;

(b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in Italy; and

(c) in compliance with any and all other applicable laws and regulations.

Luxembourg

The terms and conditions relating to this offering have not been approved by and will not be submitted for approval to the Luxembourg Financial Services Authority (*Commission de Surveillance du Secteur Financier*) for purposes of public offering or sale in the Grand Duchy of Luxembourg ("Luxembourg"). Accordingly, the notes may not be offered or sold to the public in Luxembourg, directly or indirectly, and neither this Offering Circular nor any other circular, prospectus, form of application, advertisement or other material may be distributed, or otherwise made available in or from, or published in, Luxembourg, except in circumstances which do not constitute a public offer of securities to the public, subject to prospectus requirements, in accordance with the Luxembourg Act of July 10, 2005 on prospectuses for securities.

Sweden

The initial purchasers have represented and agreed that they will not (directly or indirectly) offer for subscription or purchase or issue invitations to subscribe for or buy or sell any notes or distribute any draft or definitive document in relation to any such offer, invitation or sale in Sweden unless such offer, invitation or sale is made pursuant to any of the exemptions to the obligation to have approved and published a prospectus in Sweden, all in accordance with the provisions of *lag (1991:980) om handel med finansiella instrument* and any other applicable laws and regulations in Sweden.

Service of process and enforcement of civil liabilities

Stena AB is a stock corporation incorporated under the laws of the Kingdom of Sweden. Substantially all of Stena AB's directors and executive officers and the experts named herein are residents of the Kingdom of Sweden. All or a substantial portion of the assets of Stena AB and of such individuals are located outside the United States. It may not be possible for investors to effect service of process within the United States upon Stena AB or such persons with respect to matters arising under the U.S. federal securities laws or to enforce against them judgments obtained in U.S. courts predicated upon the civil liability provisions of such laws. Stena AB has been advised by Wistrand Advokatbyra Goteborg KB, its Swedish counsel, that the United States and Sweden do not have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. Furthermore, such counsel has advised that (i) there is doubt whether an original action could be brought in Sweden against Stena AB predicated solely upon the provisions of the U.S. federal securities laws and (ii) actions for enforcement of judgments of U.S. courts against Stena AB are not enforceable in Sweden, either by treaty or in practice, but are accepted on an evidential basis in a Swedish legal action.

Forward-looking statements

This offering memorandum includes statements that are, or may be deemed to be, "forward-looking statements" within the meaning of Section 27A of the Securities Act, Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act") and the Private Securities Litigation Reform Act of 1995. Forward looking statements include those under the captions "Overview of Offering—Our strategy" and "Business" with respect to our future financial position and business opportunities. Some of these statements can be identified as "forward-looking statements" by the use of forward-looking terminology including terms such as "anticipate", "should", "likely", "foresee", "believe", "estimate", "expect", "intend", "continue", "could", "may", "plan", "project", "predict", "will" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this offering memorandum and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate.

Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Factors that could cause our actual results to differ materially from those expressed or implied in such forward-looking statements include, but are not limited to:

- changes in general economic and business conditions;
- changes in laws and regulations;
- changes in currency exchange rates and interest rates;
- risks incident to vessel operations, including discharge of pollutants;
- introduction of competing services or products by other companies;
- changes in trading or travel patterns;
- increases in costs of operations or the inability to meet efficiency or cost reduction objectives;
- changes in our business strategy; and
- other risk factors listed in this offering memorandum and in our reports filed with or submitted to the U.S. Securities and Exchange Commission (the "SEC") from time to time.

We do not intend, and undertake no obligation, to revise the forward-looking statements included in this offering memorandum to reflect any future events or circumstances. Our actual results, performance or achievements could differ materially from the results expressed or implied by these forward-looking statements. Factors that could cause or contribute to such differences include those discussed under the heading "Risk factors" in this offering memorandum.

Currency of presentation

Stena AB maintains its consolidated financial accounts in Swedish kronor. In this offering memorandum, references to "SEK" are to Swedish kronor, references to "U.S. dollars," "dollars", "USD", "U.S.$" or "$" are to U.S. dollars, references to "EUR," "€ " and "euro" are to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the treaty establishing the European Community, as amended by the Treaty on the European Union, references to "GBP", "British pounds" or "£" are to Pound sterling, and references to "DKK" are to Danish kronor. Our financial reports are presented in SEK, which is the functional currency of the Company. Unless otherwise indicated, all amounts are rounded to the nearest million. Figures in the reports are based on a consolidation system in SEK thousands. Totals in tables may not always equal the sum of the included rounded numbers as a result of rounding. For the convenience of the reader, this offering memorandum contains translations of Swedish kronor amounts into U.S. dollars at specified rates. Unless otherwise stated, the translations of Swedish kronor into U.S. dollars have been made at $1.00 = SEK 7.1890, the noon buying rate as certified for customs purposes by the United States Federal Reserve (the "Noon Buying Rate") on December 31, 2009. Unless otherwise stated, the translations of other currencies into SEK have been made at the applicable conversion rates as reported by Sveriges Riksbank, the Central Bank of Sweden, on December 31, 2009. No representation is made that these amounts have been, could have been or could be converted into such amounts at the rates indicated or at any other rates.

Financial presentation for the year ended December 31, 2009

Audited financial results for the financial year 2009 are not yet available. However, KPMG AB has performed the procedures specified by FAR SRS (the Swedish institute of public accountants) in Standard on Review Engagements ("SÖG") 2410: "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" for a review of the financial statements for the twelve month period ended December 31, 2009. The foregoing procedures do not constitute an audit and would not necessarily reveal matters of significance that may be revealed during the audit process. Audited results may differ from our unaudited results in ways that could be material.

Exchange rate information

The following table sets forth, for the years and months indicated, certain information concerning the exchange rates between Swedish kronor and U.S. dollars based on the Noon Buying Rate. The exchange rate information is expressed in Swedish kronor per $1.00.

Year	Average [1]	High	Low	Period end
2005	7.5200	8.2434	6.6855	7.9370
2006	7.3098	7.9656	6.7674	6.8342
2007	6.7575	7.1060	6.2356	6.4568
2008	6.5935	8.4858	5.8346	7.8770
2009	7.6520	9.3294	6.7491	7.1890
2010 (through March 26)	7.1903	7.4777	7.0217	7.2525

Month	Average [2]	High	Low	Period end
October, 2009	6.9576	7.0988	6.7491	7.0352
November, 2009	6.9372	7.1843	6.7655	6.9513
December, 2009	7.1415	7.361	6.7786	7.1890
January, 2010	7.1534	7.3852	7.0217	7.3852
February, 2010	7.2683	7.4777	7.1010	7.1010
March, 2010	7.1512	7.2628	7.0597	7.2525

(1) Represents the average of the Noon Buying Rates on the last business day of each full month during the relevant period.

(2) Represents the average of the daily Noon Buying Rates during the relevant period.

Glossary

The following are abbreviations and definitions of certain terms commonly used in the shipping industry and this offering memorandum.

Aframax tanker. Tankers ranging in size from 80,000 dwt to 120,000 dwt.

American Bureau. American ship classification society.

Annual survey. The inspection of a vessel pursuant to international conventions, by a classification society surveyor, on behalf of the flag state, that takes place every year.

Bareboat charter. The rental or lease of an empty ship, without crew, stores or provisions, with the lessee responsible for complete operation and maintenance of the vessel, including crewing.

Charter. The hire of a vessel for a specified period of time or to carry a cargo for a fixed fee from a loading port to a discharging port. The contract for a charter is called a charterparty. A vessel is "chartered in" by a lessee and "chartered out" by a lessor.

Classification society. A private self-regulatory organization that has as its purpose the supervision of vessels during their construction and afterward, in respect to their seaworthiness and upkeep, and the placing of vessels in grades or "classes" according to the society's rules for each particular type of vessel.

Contract of affreightment. A contract between a shipowner and a shipper, whereby the shipowner undertakes to carry a cargo over a certain route on specified occasions.

Conventional, day and night ferries. Ferries designed to transport a combination of cars, trucks, freight trailers and passengers. A conventional ferry is available in two different designs: the day ferry and the night ferry. Night ferries also provide cabin accommodation for passengers.

DnV. Norwegian ship classification society.

DrillMAX. Sixth generation, high specification, ultra-deepwater drillships, designed by Stena for worldwide operations, including in harsh environments.

Drillship. A maritime vessel modified to include a drilling rig and special station-keeping equipment. The vessel is typically capable of operating in deep water, or ultra-deep water up to 10,000 or 12,000ft. A drillship must stay relatively stationary on location in the water for extended periods of time. This positioning may be accomplished with multiple anchors, dynamic propulsion (thrusters) or a combination of these.

Drydock. A large basin where fresh/sea water is pumped out after a ship docks in order to carry out cleaning and repairing of those parts of a vessel that are below the water line.

Dwt. Deadweight tonne. A unit of a vessel's capacity for cargo, fuel oil, stores and crew, measured in metric tonnes of 1,000 kilograms. A vessel's dwt or total deadweight is the total weight the vessel can carry when loaded to a particular load line.

Dynamic positioning (DP). An advanced satellite navigation system that controls thrusters to maintain a vessel's position in most weather without anchors.

Freight unit. Trucks, trailers, containers and railcars.

Gross ton. Unit of 100 cubic feet or 2.831 cubic meters.

High speed vessel (HSS). A ship, usually built from aluminium and often multi-hull, designed to have excellent motion characteristics in heavy seas. HSS vessels operate at speeds of over 30 knots and primarily target the passenger market.

Hull. The shell or body of a ship.

IFRS. International Financial Reporting Standards.

IMO. International Maritime Organization, a United Nations agency that issues international standards for shipping.

Lane meter. The number of useable length meters of lanes for cars, trailers or trucks, except with respect to RoRo vessels that do not carry cars.

Lightering. To put cargo in a lighter to partially discharge a vessel or to reduce her draft. A lighter is a small vessel used to transport cargo from a vessel anchored offshore.

Linkspan. The docking facility for the HSS vessels.

Lloyds Register. British ship classification society.

Newbuilding. A new vessel recently delivered or under construction.

Offhire. The period an offshore drilling rig or vessel is unable to perform the services for which it is immediately required under its contract. Offhire periods, which may be scheduled or unscheduled, include days spent on repairs, drydockings, special surveys, vessel upgrades, initial positioning after the purchase of a vessel and periods awaiting employment.

Protection and Indemnity (P&I) Insurance. Third party insurance obtained through a mutual association (P&I Club) formed by shipowners to provide protection from large financial loss to one member by contribution towards that loss by all members.

Panamax tanker. Tankers ranging in size from 60,000 dwt to 80,000 dwt.

Pool. A cooperation between two or more parties whereby each party supplies its vessels to the pool and the revenues from the pool are split between the pool members in proportion to the number and characteristics of tankers each delivered to the pool.

Product tankers. Vessels designed to carry a variety of liquid products varying from crude oil to clean and dirty petroleum products, acids and other chemicals. The tanks are coated, this being a requirement for some of the products carried, and the ship may have equipment designed for the loading and unloading of cargoes with a high viscosity.

Roll-on/Roll-off vessels. Vessels designed to permit trucks, freight trailers, buses, cars, and, to a certain extent, containers on chassis to drive directly onto and off the vessel, which include RoRo vessels and RoPax vessels.

RoRo vessels. Vessels designed primarily to transport freight trailers and a limited number of passengers.

RoPax vessels. Vessels designed to transport trucks, freight trailers, buses and cars, which also provide cabin accommodations for passengers. RoPax vessels are flexible and can adapt their capacity in line with seasonal variations in freight and passenger traffic.

Scrapping. The disposal of old vessel tonnage by way of sale as scrap metal.

Semi-submersible rig. Floating platforms that, by means of a water ballasting system, can be submerged to a predetermined depth so that a substantial portion of the lower hulls, or pontoons, is below the water surface during drilling operations. These rigs maintain their position over the well through the use of an anchoring system or through dynamic positioning. Semi-submersible rigs are divided into six generations, which are determined by rig design and the year of delivery of the units. Generally, first generation drilling rigs are drilling rigs that were delivered before 1973, second generation drilling rigs are drilling rigs that were delivered or upgraded between 1973 and 1981, third generation drilling rigs are drilling rigs that were delivered or upgraded between 1982 and 1985, fourth generation drilling rigs are drilling rigs that were delivered or upgraded between 1986 and 1996, fifth generation drilling rigs are drilling rigs that were delivered or upgraded between 1997 and 2005 and sixth generation drilling rigs are drilling rigs that have been delivered or upgraded since 2006.

Senior Notes. Collectively, the Senior Notes due 2013, the Senior Notes due 2016, the Senior Notes due 2017 and the Senior Notes due 2019.

Senior Notes due 2013. Our 7.500% Senior Notes due 2013.

Senior Notes due 2016. Our 7.000% Senior Notes due 2016.

Senior Notes due 2017. Our 6.125% Senior Notes due 2017.

Senior Notes due 2019. Our 5.875% Senior Notes due 2019.

Service speed. The average maximum speed a vessel can reach when utilized on a daily basis.

Shuttle tankers. Tankers, usually with special fittings for mooring, that lift oil from offshore fields and transports it to a shore side storage or refinery terminal on repeated trips.

Special purpose entities (SPEs). Our investments in companies whose purpose is to make investments, primarily in high yield securities and corporate bank loans.

Spot market. The market for immediate chartering of a vessel, usually on voyage charters.

Suezmax tanker. Tankers ranging in size from 120,000 dwt to 165,000 dwt.

Superferry. RoPax vessel designed with 5,500 lane meters.

Tanker. Ship designed for the carriage of liquid cargoes in bulk with cargo space consisting of many tanks. Tankers carry a variety of products including crude oil, refined products, liquid chemicals and liquid gas. Tankers load their cargo by gravity from the shore or by shore pumps and discharge using their own pumps.

Time charter. The hire of a vessel for a specified period of time. The lessor provides the ship with crew, stores and provisions, ready in all aspects to load cargo and proceed on a voyage and pays for insurance, repairs and maintenance. The lessee pays for bunkering and all voyage related expenses including canal tolls and port charges.

Utilization rate. The total number of days an offshore drilling rig or vessel is in operation during a given period, divided by the total number of days in the period that the offshore drilling rig or vessel is owned or chartered in.

VLCC. Very large crude carrier—a tanker of 200,000 dwt to 320,000 dwt.

Overview of offering

This overview highlights information contained elsewhere in this offering memorandum. Because this is only a overview, it does not contain all of the information that may be important to you. We urge you to read this entire offering memorandum carefully, including the "Risk factors" section and our consolidated financial statements and related notes.

Our business

Stena AB is one of the largest privately held companies in Sweden. We own and operate one of the world's largest international passenger and freight ferry services and own, charter in and out, and operate drilling rigs, crude oil and petroleum product tankers and Roll-on/Roll-off vessels. We invest in and manage residential and commercial real estate, principally in Sweden and The Netherlands, and also invest in other businesses not related to our traditional lines of business. For the financial year ended December 31, 2009, we generated revenues of SEK 27.8 billion, including net gain on sale of tangible fixed assets of SEK 179 million and net valuation of investment properties of SEK (301) million, and operating income of SEK 4.0 billion. Cash flows from operating activities for the same period were SEK 7.1 billion, with SEK 5.6 billion of cash flows from operating activities for that period generated by our restricted subsidiaries.

Business segments

Ferry operations. We currently operate 18 routes and a fleet of 36 vessels in Scandinavia, the United Kingdom, Germany, Poland, The Netherlands and the Republic of Ireland under the "Stena Line", "Scandlines" and "HH-Ferries" brand names. Our ferry operations generate revenues from: (i) travel, which consists primarily of ticket sales for passengers and private cars, package tours and hotel sales; (ii) onboard sales, which consist primarily of retail sales, restaurants, bars, arcades, gaming and, on our Norway—Denmark route, duty and tax free sales; and (iii) freight, which consists primarily of trailer and truck transportation. For the year ended December 31, 2009, we carried a total of 11.3 million passengers, 2.5 million private cars and 1.4 million freight units on our routes. For the financial year ended December 31, 2009, our ferry operations generated revenues of SEK 9.6 billion and operating income of SEK 445 million, including depreciation and amortization expense of SEK 1.1 billion. For the financial year ended December 31, 2009, ferry operations revenues were generated from travel (39%), onboard sales (19%) and freight/other (42%).

Offshore drilling. We own and operate two third generation and two fifth generation semi-submersible drilling rigs and three sixth generation ultra-deepwater drillships. We also have one enhanced ice-classed ultra-deepwater drillship, *Stena DrillMAX ICE*, on order from a shipbuilder in Korea scheduled for delivery in the first quarter of 2012. We believe our excellent safety record, quality of service and fleet provide us with a significant competitive advantage. For the financial year ended December 31, 2009, our drilling operations generated revenues of SEK 8.1 billion and operating income of SEK 3.3 billion, including depreciation and amortization expense of SEK 1.7 billion.

Shipping. Our shipping operations consist of the ownership and chartering of crude oil and petroleum product tankers and Roll-on/Roll-off vessels. To support these activities, we also are engaged in the design, purchase, sale, management and crewing of such vessels. We generally collect charter hire payments monthly in advance in the case of time charters and upon completion with respect to charters on the spot market. For the financial year ended December 31, 2009, our shipping operations generated revenues of SEK 3.1 billion, including net gain on sale of fixed assets of SEK 148 million, and operating losses of SEK (629) million, including depreciation and amortization expense of SEK 400 million, of which SEK 150 million was partial write-downs of three product tankers.

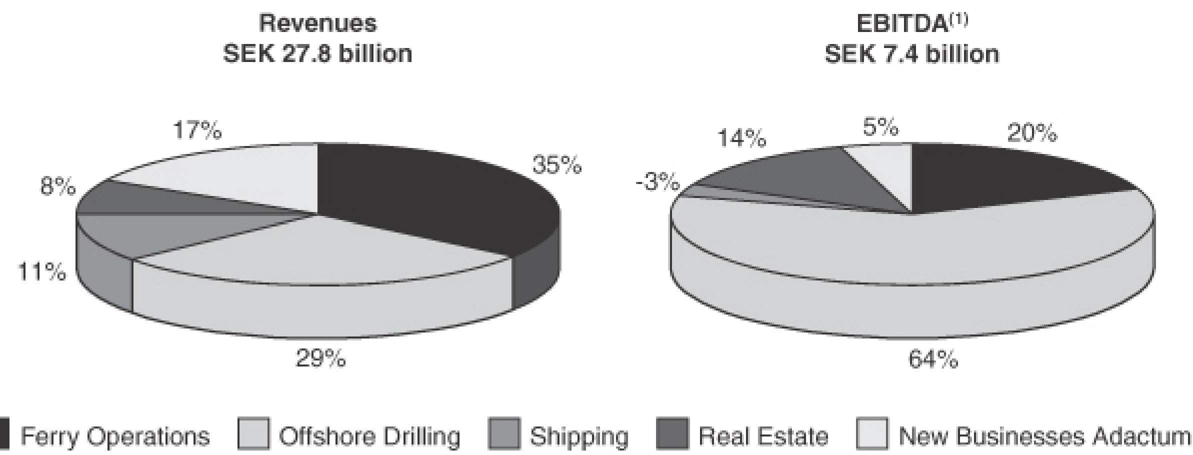
Crude oil and petroleum product transportation. We own, charter in, charter out and provide commercial management services for crude oil and petroleum product tankers. We currently own three product tankers, lease two product tankers pursuant to long-term finance leases and have a 50% interest in one crude oil tanker and four shuttle tankers. We also have two Suezmax tankers on order from a shipbuilder in Korea scheduled for delivery in the third and fourth quarters of 2011. Through our 35% stake in Paradise Tankers, we have an interest in three Panamax tankers and two Dry Cargo Panamaxes. All of our owned and finance leased tankers are double hulled. As of December 31, 2009, we also chartered in 21 Product, Aframax, Panamax and Suezmax tankers.

Roll-on/Roll-off vessels. Roll-on/Roll-off vessels permit more rapid loading and unloading and do not require cranes or other port facilities associated with traditional cargo handling and container ship operations. Our Roll-on/Roll-off vessel operations are divided into RoPax vessels, which carry trucks, freight trailers, buses and cars and provide accommodations for passengers; and RoRo vessels, which carry predominantly freight trailers and a limited number of passengers. Over the five years ended December 31, 2009, our Roll-on/Roll-off fleet size has ranged from six to ten vessels.

Real estate. Through unrestricted subsidiaries, we are involved in the acquisition, selling, construction, refurbishment and management of residential and commercial properties. Our properties are located primarily in Sweden and The Netherlands. As of December 31, 2009, we owned approximately 330 properties. For the financial year ended December 31, 2009, our real estate business generated revenues of SEK 2.3 billion, including a net gain on sale of assets of SEK 31 million, and operating income of SEK 1.1 billion, including depreciation and amortization expense of SEK 2 million and net valuation of investment properties of SEK (301) million.

New Businesses Adactum. Through our unrestricted subsidiary Stena Adactum AB ("Adactum"), we make long-term investments in listed as well as private companies in businesses outside our traditional lines of business. As of December 31, 2009, we had direct investments in six private companies, of which three are wholly owned and one is 80% owned, and held significant ownership interests in two listed companies. For the financial year ended December 31, 2009, Adactum generated revenues of SEK 4.8 billion and operating income of SEK 178 million, including depreciation and amortization expenses of SEK 219 million.

The following charts set forth our revenues and income from operations, excluding depreciation and amortization, by business unit, for the financial year ended December 31, 2009.



(1) EBITDA, which is income from operations excluding depreciation and amortization, is not a measure prepared in accordance with IFRS and should not be used as an alternative to cash flows or as a measure of liquidity and should be read in conjunction with the consolidated statements of cash flows contained in our consolidated financial statements included elsewhere herein. A reconciliation of income from operations excluding depreciation and amortization to income from operations, by business area, is presented below:

In SEK millions	Ferry Operations	Offshore Drilling	Shipping	Real Estate	New Businesses Adactum	Other	Total
Income from operations	445	3,250	(629)	1,068	178	(310)	4,002
Depreciation and amortization	1,119	1,665	400	2	219	10	3,415
Income from operations excluding depreciation and amortization, EBITDA	1,564	4,915	(229)	1,070	397	(300)	7,417

Our strengths

Diversified operations. We operate in five business areas: ferry operations, offshore drilling, shipping, real estate and new businesses Adactum. These operations provide us with a diversified revenue and earnings stream that has helped insulate us from the volatility of any of these businesses individually.

Substantial asset base and cash flow from operating activities. We own and operate a high-quality fleet of ferries, drilling rigs, crude oil and petroleum product tankers and Roll-on/Roll-off vessels. We also own a substantial portfolio of real estate properties. As of December 31, 2009, the book value of our tangible fixed assets was approximately 1.5 times the amount of our indebtedness (excluding SPEs). Historically, our assets have generated significant levels of cash flow from operating activities. Our cash flow from operating activities was SEK 5.4 billion and SEK 7.1 billion in the financial years ended December 31, 2008 and 2009, respectively.

High utilization rates. We have achieved high utilization rates for our assets in our shipping and offshore drilling businesses. For the five years ended December 31, 2009, our average utilization rates for offshore drilling rigs, crude oil and petroleum product tankers and Roll-on/Roll-off vessels were approximately 91%, 99% and 98%, respectively.

Proven management team. We have broad and long-term experience in the shipping business. Our current senior management team has experience in acquiring assets at attractive prices, operating them efficiently and selling them as favorable opportunities arise.

Our strategy

Maintain strong financial position. We operate in capital intensive businesses. We intend to maintain a strong financial position and substantial liquidity that should enable us to continue to access capital to fund our businesses. We have financed the expansion of our asset base in part by selectively disposing of assets, enabling us to maintain a strong financial position. We have benefited from strong cash flow as a result of our substantial investments over the last five years and selective asset sales.

Business Opportunities. We continuously monitor the businesses in which we operate and seek to take advantage of opportunities. In the last several years, we have sold a number of vessels and properties, which resulted in gains in our drilling, shipping and property operations. As a result of increased demand in the offshore drilling business, we ordered three DrillMAX drillships during the period 2005 – 2007, which were delivered on time during the period 2007 – 2009, and one enhanced DrillMAX ICE drillship in 2008 scheduled for delivery in the first quarter of 2012. We are also expanding our ferry fleet with orders for two new Superferries and two new RoPaxes for delivery in 2010 and 2011, respectively, and our tanker fleet with the order of two new Suezmaxes for delivery in 2011. As of December 31, 2009, financing for approximately 75% of the remaining capital expenditure commitment for these vessels had already been arranged.

Recent developments

In February 2010, we committed to invest approximately GBP 80 million in a new ferry port facility at Loch Ryan in Scotland for the future development of our Scotland-Northern Ireland route. The construction work at Loch Ryan Port is expected to take approximately 20 months and be completed in 2012. A Harbor Empowerment Order (HEO) to allow the creation of the new port has been granted by the Scottish government. We expect to raise financing to fund a majority of our investment in the port, which will be operated by Stena. Stena will wholly own both the port and the land upon which the port is constructed.

The offering

The following overview contains basic information about the notes and is not intended to be complete. It does not contain all the information that is important to you. For a more complete understanding of the notes, please refer to the section of this offering memorandum entitled “Description of notes”. For purposes of the description of the notes included in this offering memorandum, references to the “Company”, “Issuer”, “us”, “we” and “our” refer only to Stena AB (publ) and do not include our subsidiaries, except where the context otherwise requires.

Issuer	Stena AB (publ).
Securities	€ 200 million aggregate principal amount of 7.875% senior notes due 2020.
Issue Price	98.3113%
Maturity	March 15, 2020.
Interest Rate	7.875%
Interest payment dates	March 15 and September 15, commencing September 15, 2010.
Denominations	Each note will have a minimum denomination of € 50,000.
Make-whole redemption	At any time prior to the maturity of the notes, we may redeem some or all of the notes at a price equal to 100% of the principal amount of the notes plus accrued and unpaid interest plus a “make-whole” premium.
Optional tax redemption	The notes are redeemable, in whole but not in part, at our option, at a price equal to 100% of the principal amount thereof, together with any accrued and unpaid interest to the date of redemption, in the event of a change in tax law requiring the imposition of withholding taxes by the Kingdom of Sweden or by any other jurisdiction in which Stena AB is resident for tax purposes.
Change of control	The occurrence of a change of control will require us to offer to purchase from you all or a portion of your notes at a price equal to 101% of their principal amount, together with accrued and unpaid interest, if any, to the date of purchase.
Ranking	The notes will:

- be our general unsecured obligations;
- be effectively junior in right of payment to our secured debt to the extent of the value of the assets securing such debt;
- be structurally subordinated to all existing and future liabilities (including trade payables) of our subsidiaries, including those under our credit facilities;
- rank equally in right of payment with all our existing and future unsecured unsubordinated debt; and
- be senior to any future senior subordinated or subordinated debt.

Amounts borrowed under our revolving credit facility are obligations of certain of our subsidiaries and are guaranteed by us and certain of our subsidiaries.

As of December 31, 2009, on an as adjusted basis after giving effect to this offering:

- we had approximately SEK 43.9 billion ($6.1 billion) of total indebtedness (excluding approximately SEK 8.2 billion ($1.1 billion) of debt of SPEs), of which approximately SEK 28.3 billion ($4.0 billion) was the obligation of our restricted subsidiaries; and

- all our outstanding consolidated indebtedness (excluding debt of SPEs) was senior indebtedness, SEK 35.8 billion ($5.0 billion) of which was secured indebtedness to which the notes will be effectively subordinated to the extent that our assets are pledged as collateral for our secured debt.

Covenants	We issued the notes under an indenture dated January 16, 2010 (the "Indenture") with Deutsche Trustee Company Limited, as trustee. The Indenture will, among other things, limit our ability and the ability of our restricted subsidiaries to: • incur, assume or guarantee additional indebtedness; • incur liens in respect of capital market indebtedness; and • consolidate or merge with or into, or sell substantially all our assets to, another person. These covenants will be subject to a number of important exceptions and qualifications. See "Description of notes". The Indenture will not include restrictions with respect to our ability to pay dividends or make other distributions or purchase or redeem our shares; make investments; sell assets; or enter into transactions with affiliates.
Transfer restrictions	The offering of the notes has not been registered under the Securities Act or any other applicable securities laws. The notes are subject to restrictions on transferability and resale. See "Transfer restrictions".
Absence of public market for the notes	The notes are a new issue of securities, and there is currently no established trading market for the notes. Accordingly, there can be no assurance as to the development or liquidity of any market for the notes. The initial purchasers have advised us that they currently intend to make a market in the notes. However, they are not obligated to do so, and any market making with respect to the notes may be discontinued without notice.
Use of proceeds	The proceeds from the offering of the notes were € 196,622,600, before deducting commissions and expenses related to this offering, which are estimated to be approximately € 3.0 million. We intend to use the net proceeds from this offering to repurchase our outstanding Senior Notes due 2013, either through open-market purchases or a cash tender offer, and for general corporate purposes.
Listing	Application has been made to list the notes on the Official List of the Luxembourg Stock Exchange and to trade on the Euro MTF Market of that exchange.
Senior notes codes	
ISIN (Rule 144A global notes)	XS0495221185
ISIN (Regulation S global notes)	XS0495219874
Common code (Rule 144A global notes)	049522118
Common code (Regulation S global notes)	049521987

Risk factors

Investing in the notes involves substantial risks. You should carefully consider all the information in this offering memorandum prior to investing in the notes. In particular, we urge you to consider carefully the factors set forth under “Risk factors” beginning on page 23 of this offering memorandum.

Summary consolidated financial information and other data

The following summary sets forth our consolidated financial information and operating data for the periods indicated. The summary consolidated financial information and other data for the years ended December 31, 2007 and 2008 are derived from our audited consolidated financial statements, which have been audited by KPMG AB, included elsewhere in this offering memorandum. The summary consolidated financial information and other data for the financial year ended December 31, 2009 are derived from our unaudited condensed consolidated financial statements included elsewhere in this offering memorandum. The information set forth below should be read in conjunction with "Management's discussion and analysis of financial condition and results of operations," "Selected consolidated financial information and other data", our audited consolidated financial statements and our unaudited consolidated financial statements and the related notes contained elsewhere in this offering memorandum.

Our consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), including statements from the International Financial Reporting Interpretations Committee ("IFRIC"), as issued by the International Accounting Standards Board ("IASB") and approved by the EU.

Restricted Group Data represents the selected unaudited consolidated financial information excluding (i) the property business segment (other than two small properties), (ii) the business segment of Adactum, whose activities consist primarily of investing in companies outside the Company's traditional lines of business and (iii) our subsidiaries Stena Investment Luxembourg S.à r.l., Stena Royal S.à r.l., Stena Investment Cyprus Ltd and Mondaldi Ltd. For purposes of the Indenture governing the notes offered hereby, these subsidiaries will be designated unrestricted subsidiaries, and, as a result, will not be bound by the restrictive provisions of the Indenture. These subsidiaries have also been designated unrestricted subsidiaries for purposes of the indentures governing our Senior Notes and the Indenture governing the notes offered hereby. As of December 31, 2009, these unrestricted subsidiaries had outstanding indebtedness (excluding debt in SPEs) of approximately SEK 15.6 billion ($2.2 billion), all of which was non-recourse to Stena AB and its restricted subsidiaries. The debt of the real estate subsidiaries is secured by their real property interests, the debt of Adactum is secured by its investments in listed companies, and/or assets in its subsidiaries and the credit facility of Stena Royal S.á r.l. is secured by its medium and long-term investment portfolios.

	Year ended December 31,			
(In millions)	**2007**	**2008**	**2009**	**2009**
	SEK	**SEK**	**SEK**	**USD[1]**
Consolidated group[2]				
Income Statement Data:				
Total revenues	22,402	26,472	27,812	3,868
Direct operating expenses	(14,085)	(16,679)	(17,188)	(2,390)
Selling and administrative expenses	(2,177)	(2,920)	(3,207)	(446)
Depreciation and amortization	(1,680)	(2,501)	(3,415)	(475)
Income from operations	4,460	4,372	4,002	557
Share of affiliated companies' result	(61)	(80)	24	3
Dividends received	211	285	61	8
Gain on securities, net	950	(1,785)	(81)	(11)
Interest income	919	957	685	95
Interest expense	(1,739)	(2,260)	(1,864)	(259)
Foreign exchange gains (losses), net	(49)	582	(282)	(39)
Other financial income (expense)	(230)	(693)	(201)	(28)

(In millions)	Year ended December 31, 2007 SEK	2008 SEK	2009 SEK	2009 USD[1]
Income before taxes	4,461	1,378	2,344	326
Income taxes	(632)	367	20	3
Net income	3,829	1,745	2,364	329
Balance Sheet Data:				
Cash and marketable securities[3]	11,562	9,174	7,088	987
Investments in SPEs	9,251	9,973	8,174	1,137
Total assets	81,524	97,369	92,205	12,826
Debt in SPEs	8,021	9,492	8,249	1,147
Other debt[4]	32,731	45,490	41,898	5,828
Total debt	40,752	54,982	50,147	9,675
Shareholders' equity	26,386	27,454	29,183	4,059
Other Financial Data:				
Capital expenditures	(8,368)	(9,696)	(9,230)	(1,283)
Cash dividends paid	(550)	(390)	(190)	(26)
Cash flow from operating activities	4,586	5,381	7,084	986
Cash flow from investing activities	(12,862)	(7,397)	(6,456)	(898)
Cash flow from financing activities	8,064	2,714	(907)	(126)

(1) Amounts in U.S. dollars have been translated, solely for the convenience of the reader, at an exchange rate of $1.00 = SEK 7.1890, the Noon Buying Rate on December 31, 2009.

(2) The Consolidated Group includes investments in SPEs, which are made through unrestricted subsidiaries. The purpose of the SPEs is to make investments, primarily in high yield securities and corporate bank loans.

(3) Cash and marketable securities consists of cash and cash equivalents, short-term investments and marketable securities.

(4) Other debt includes Senior Notes, short-term debt, long-term debt and capitalized lease obligations, current and non-current.

(In millions)	Year ended December 31, 2007 SEK	2008 SEK	2009 SEK	2009 USD[1]
Restricted group[2]				
Income Statement Data:				
Total revenues	17,803	20,820	20,959	2,915
Direct operating expenses	(11,547)	(13,083)	(12,912)	(1,797)
Selling and administrative expenses	(1,773)	(2,109)	(2,068)	(288)
Depreciation and amortization	(1,645)	(2,376)	(3,195)	(444)
Income from operations	2,838	3,252	2,784	386
Interest income	543	474	265	37
Interest expense	(643)	(887)	(1,032)	(144)
Net income	2,077	3,010	2,151	298

(In millions)	Year ended December 31, 2007 SEK	2008 SEK	2009 SEK	2009 USD[1]
Balance Sheet:				
Cash and marketable securities[3]	3,674	5,420	3,603	501
Total assets	47,731	62,729	57,537	8,004
Total debt[4]	18,118	28,879	26,272	3,655
Shareholders' equity	19,599	23,672	23,331	3,245
Other Data:				
Capital expenditures	7,336	7,922	7,802	1,085
Adjusted EBITDA[5]	5,026	6,102	6,244	869
Net debt to Adjusted EBITDA[6]	2.9x	3.9x	3.6x	3.6x
Adjusted EBITDA to interest expense	7.8x	6.9x	6.1x	6.1x
Earnings to fixed charges[7]	4.7x	4.4x	3.0x	3.0x

(1) Amounts in U.S. dollars have been translated, solely for the convenience of the reader, at an exchange rate of $1.00 = SEK 7.1890, the Noon Buying Rate on December 31, 2009.

(2) Restricted group data represents our consolidated financial data excluding the property business segment (other than two small properties), the business segment of Adactum, whose activities consist primarily of investing in companies outside the Company's traditional lines of business, and our unrestricted subsidiaries Stena Investment Luxembourg S.à r.l., Stena Royal S.à r.l., Stena Investment Cyprus Ltd and Mondaldi Ltd. Our investments in SPEs are made through unrestricted subsidiaries and therefore do not form part of the Restricted Group.

(3) Cash and marketable securities consists of cash and cash equivalents, short-term investments and marketable securities.

(4) Total debt includes Senior Notes, short-term debt, long-term debt and capitalized lease obligations, current and non-current.

(5) "Adjusted EBITDA" of the Restricted Group is defined as consolidated operating income (less unrealized gain on the disposition of vessels pursuant to deferred payments obligations) plus cash dividends from affiliated companies, interest income, depreciation, amortization and non-cash charges minus aggregate gains on vessel dispositions to the extent such gains exceed 25% of adjusted EBITDA excluding sale of tangible fixed assets. We have included information in this offering memorandum relating to Adjusted EBITDA because it conforms with the definition of Consolidated Cash Flow in the indentures governing our Senior Notes and the Indenture that will govern the notes offered hereby. Our ability to incur debt pursuant to these indentures is limited by a pro forma calculation of the ratio of Consolidated Cash Flow to Consolidated Interest Expense. Pursuant to these indentures, we may incur additional debt so long as the pro forma ratio of Consolidated Cash Flow to Consolidated Interest Expense exceeds 2.00 to 1.00 for the restricted group, subject to certain exceptions as defined in the indentures. Adjusted EBITDA is not a measure in accordance with IFRS and should not be used as an alternative to cash flows or as a measure of liquidity and should be read in conjunction with the consolidated statements of cash flows contained in our consolidated financial statements included elsewhere herein. The computation of Adjusted EBITDA of the Restricted Group and a reconciliation to cash flows from operating activities is presented below:

(In millions)	Year ended December 31, 2007 SEK	2008 SEK	2009 SEK	2009 USD[1]
Restricted group				
Income from operations	2,838	3,252	2,784	386
Interest income	543	474	265	37
Depreciation and amortization	1,645	2,376	3,195	444
Excess gain on vessel disposition	—	—	—	—
Adjusted EBITDA	5,026	6,102	6,244	869
(Gain)/loss on sale of property, vessels and equipment	(253)	(203)	(148)	(21)
Net cash flow from trading securities	(699)	994	(107)	(15)
Interest expense	(643)	(887)	(1,032)	(144
Total income taxes, current	(757)	132	51	7
Foreign exchange (gains)/losses	(149)	(125)	352	49

(In millions)	Year ended December 31, 2007 SEK	2008 SEK	2009 SEK	2009 USD[1]
Provisions for pensions	(221)	(235)	(198)	(28)
Other non-cash items	65	(165)	346	48
Excess gain on vessel disposition	—	—	—	—
Changes in working capital	1,377	(185)	571	80
Other items	271	(537)	(515)	(71)
Net cash from operating activities	4,238	5,126	5,564	772

(6) Net debt is defined as total debt less cash and cash equivalent, short-term investments and marketable securities.

(7) For purposes of computing the ratio of earnings to fixed charges, earnings consist of profit before tax plus fixed charges (excluding capitalized interest). Fixed charges consist of interest (expensed and capitalized) on all indebtedness, plus a proportion of rental expense deemed to be representative of the interest factor.

Risk factors

Our business, operations and financial condition are subject to various risks. Some of these risks are described below, and you should take these risks into account in evaluating us or any investment decision involving us or in deciding whether to purchase the notes offered hereby. This section does not describe all risks applicable to us, our industry or our business and is intended only as a summary of certain material factors.

Risks relating to the notes

Our level of indebtedness could limit cash flow available for our operations and could adversely affect our operations and flexibility.

As of December 31, 2009, on an adjusted basis after giving effect to this offering, we and our subsidiaries would have had outstanding consolidated indebtedness (excluding SPEs) of approximately SEK 43.9 billion ($6.1 billion), of which SEK 15.6 billion ($2.2 billion) was the obligation of unrestricted subsidiaries (as defined in the indentures governing our indebtedness). Our total interest bearing debt (excluding SPEs) as a percentage of our total capitalization (excluding SPEs) would have been approximately 60%. For the Restricted Group, the total interest bearing debt as a percentage of total capitalization would have been approximately 55%.

Our indebtedness could restrict our operations and make it more difficult for us to fulfill our obligations under the notes. Among other things, our indebtedness may:

- limit our ability to obtain additional financing for working capital, capital expenditures, acquisitions of vessels or other strategic acquisitions and general corporate purposes;
- require us to dedicate all or a substantial portion of our cash flow to service our debt, which will reduce funds available for other business purposes, such as capital expenditures and acquisitions;
- limit our flexibility in planning for or reacting to changes in the markets in which we compete;
- place us at a competitive disadvantage relative to our competitors with less indebtedness;
- render us more vulnerable to general adverse economic and industry conditions; and
- make it more difficult for us to satisfy our financial obligations, including those relating to the notes, or be able to refinance maturing indebtedness.

Subject to compliance with various financial and other covenants imposed by our revolving credit facilities, the agreements governing our other indebtedness and the indentures governing our Senior Notes and the Indenture governing the notes offered hereby, we and our subsidiaries may incur additional indebtedness from time to time, including indebtedness to finance the purchase or completion of newbuildings and other vessels. As of December 31, 2009, the remaining cost for two Superferries we ordered from a shipyard in Germany in November 2006 was approximately € 190 million, the remaining cost for the two RoPaxes we ordered from a shipyard in Korea in August 2007 was approximately € 165 million, the remaining cost for the DrillMAX ICE drillship we ordered from a shipyard in Korea in April 2008, fully equipped, was approximately $900 million and the remaining cost for two Suezmax tankers we ordered from a shipyard in Korea in December 2009 was approximately $125 million.

Although certain of our indebtedness bears a fixed rate of interest, certain other of our indebtedness bears interest at rates that fluctuate with prevailing interest rates. As a result, our interest expense under such facilities could increase. In addition, future financings we may undertake may also provide for rates that fluctuate with prevailing interest rates, which could increase. We currently hedge a portion of our interest rate exposure. However, there can be no assurance that our floating rate debt will be effectively hedged or that we will continue such hedging.

Our incurrence of additional debt could further increase the risks described in this offering memorandum and could result in a material adverse effect on our business, financial condition and results of operations and our ability to satisfy our obligations under the notes.

Our ability to service our debt and meet our cash requirements depends on many factors, some of which are beyond our control.

To date, we have been able to generate sufficient cash flow from operations, borrowings and refinancings to meet interest and principal payments on our indebtedness. However, our continued ability to satisfy our obligations will depend on our future operating performance and financial results that will be subject, in part, to factors beyond our control, such as interest rates and general economic, financial and business conditions, as well as other factors. If we are unable to generate sufficient cash flow to service our debt, we may be required to:

- refinance all or a portion of our debt;
- obtain additional financing;
- sell certain of our assets or operations;
- reduce or delay capital expenditures; or
- revise or delay our strategic plans.

If we are required to take any of these actions, it could have a material adverse effect on our business, financial condition and results of operations. In addition, we cannot assure you that we would be able to take any of these actions, that these actions would enable us to continue to satisfy our capital requirements or that these actions would be permitted under the terms of our various debt instruments then in effect.

The covenants in our revolving credit facilities, the agreements governing our other indebtedness and the indentures governing our Senior Notes and the notes offered hereby impose restrictions on our business.

Our revolving credit facilities, the indentures governing certain of our Senior Notes and the instruments governing certain of our other indebtedness contain a number of covenants imposing significant restrictions on our business. These restrictions may affect our ability to operate our business and to take advantage of business opportunities as they arise.

These covenants include limitations on our ability and the ability of our restricted subsidiaries to, among other things:

- incur liens and debt or provide guarantees in respect of obligations of any other person;
- issue preferred stock;
- pay dividends or make distributions;
- make redemptions and repurchases of capital stock;
- make loans, investments and capital expenditures;
- prepay, redeem or repurchase debt;
- engage in mergers, consolidations and asset dispositions;
- engage in sale-leaseback transactions and affiliate transactions;
- change our business and issue and sell capital stock of subsidiaries; and
- restrict distributions from subsidiaries.

The indentures governing our Senior Notes due 2017 and Senior Notes due 2019 and the notes offered hereby contain covenants with respect to, among other things, limitations on consolidated and subsidiary debt and limitations on liens in respect of capital market indebtedness.

In addition, our revolving credit facilities and other loans require us to maintain a number of financial ratios. If we violate these covenants and are unable to obtain waivers from our lenders, our debt under our credit facilities would be in default and could be accelerated by our lenders, which could result in an event of default under the Indenture governing the notes offered hereby and the instruments governing our other indebtedness. If our indebtedness is accelerated, we may not be able to repay our debt or borrow sufficient funds to refinance it. Even if we are able to obtain new financing, it may not be on commercially reasonable terms, or terms that are acceptable to us. If our expectations of future operating results are not achieved, or our debt is in default for any reason, our business, financial condition and results of operations could be materially and adversely affected. In addition, complying with these covenants may also cause us to take actions that are not favorable to holders of the notes offered hereby and may make it more difficult for us to successfully execute our business strategy and compete against companies who are not subject to such restrictions. See “Description of notes—Certain covenants” and “Description of other indebtedness”.

The notes offered hereby are effectively subordinated to all our secured debt, and if a default occurs, we may not have sufficient funds to fulfill our obligations under the notes.

The notes offered hereby are general senior unsecured obligations that rank equally in right of payment with all our existing and future unsecured and unsubordinated debt, including our Senior Notes. The notes offered hereby are effectively subordinated to all our secured debt to the extent of the value of the assets securing that debt. As of December 31, 2009, we had approximately SEK 35.8 billion ($5.0 billion) of secured indebtedness (excluding indebtedness of SPEs) to which the notes offered hereby would have been effectively subordinated in right of payment.

We may incur additional secured indebtedness.

The Indenture governing the notes offered hereby will, in general, permit us to incur additional secured indebtedness, including in respect of any acquisition, construction or improvement of assets, and any indebtedness secured by assets that previously secured our indebtedness. We can also incur additional secured indebtedness under the terms of our revolving credit facilities. Your notes will be effectively junior to any such additional secured indebtedness we may incur. In the event of our bankruptcy, liquidation, reorganization or other winding up, the assets that secure our secured indebtedness will be available to pay obligations on the notes offered hereby only after all such secured indebtedness has been repaid in full from such assets. Likewise, because our credit facilities are secured obligations, our failure to comply with the terms of the revolving credit facility or our other secured credit facilities would entitle those lenders to foreclose on our assets that serve as collateral. In this event, our secured lenders would be entitled to be repaid in full from the proceeds of the liquidation of those assets before the proceeds from the sale of those assets would be available for distribution to other creditors, including holders of the notes. Holders of the notes will participate in our remaining assets ratably with all holders of our unsecured indebtedness that is deemed to be of the same class as the notes offered hereby and potentially with all our other general creditors. In such event, there may not be sufficient assets remaining to pay amounts due on any or all the notes then outstanding.

Because Stena AB is a holding company, repayment of our indebtedness is dependent on cash flow generated by our subsidiaries.

Stena AB is a holding company. All of our operations are conducted by, and substantially all of our assets (including our vessels) are owned by, our subsidiaries. Repayment of our indebtedness is dependent on the generation of cash flow by our subsidiaries and their ability to make such cash available to us, by dividend, debt repayment or otherwise. Under the Swedish Companies Act, there are restrictions as to the ability of our subsidiaries to pay us dividends or make loans and advances to us. The indentures governing our Senior Notes due 2013 and 2016 contain covenants that restrict the ability of our subsidiaries to enter into any agreement limiting distributions and transfers, including dividends; the indentures governing our Senior Notes due 2017 and 2019 do not contain, and the Indenture that will govern the notes offered hereby will not contain, these covenants. As a result, the cash flows or assets of those subsidiaries may not be available to us to pay our obligations under our Senior Notes.

The notes will be structurally junior to the indebtedness and other liabilities of our subsidiaries.

You will not have any claim as a creditor against our subsidiaries, and all existing and future indebtedness and other liabilities, including trade payables, whether secured or unsecured, of those subsidiaries will be structurally senior to the notes. Furthermore, in the event of any bankruptcy, liquidation or reorganization of any of our subsidiaries, the rights of the holders of notes to participate in the assets of such subsidiary will rank behind the claims of that subsidiary’s creditors, including trade creditors (except to the extent we have a claim as a creditor of such subsidiary). As a result, the notes are structurally subordinated to the outstanding and other liabilities, including trade payables, of our subsidiaries. As of December 31, 2009, our subsidiaries had approximately SEK 44.7 billion ($6.2 billion) of outstanding indebtedness and other liabilities, including trade payables but excluding intercompany liabilities, all of which was structurally senior to the notes.

In addition, the Indenture will, subject to some limitations, permit these subsidiaries to incur additional indebtedness and will not contain any limitation on the amount of other liabilities, such as trade payables, that may be incurred by these subsidiaries.

We conduct our real estate operations and certain investment activities through subsidiaries that are not subject to certain restrictive provisions in our indentures.

Our real estate operations and certain investment activities are conducted through various subsidiaries. For purposes of the indentures governing our Senior Notes, the subsidiaries that conduct our real estate operations (other than two small properties) and the subsidiaries that conduct a large portion of our investment activities are designated as unrestricted subsidiaries. As a result, these unrestricted subsidiaries are not bound by the restrictive provisions of our indentures. As of December 31, 2009, these unrestricted subsidiaries had outstanding indebtedness (including SPEs) of approximately SEK 23.9 billion, all of which was non-recourse to Stena AB and its restricted subsidiaries. Such debt of the real estate subsidiaries is secured by their real property interests, the debt of Adactum is secured by its investments in listed shares, and the credit facility of Stena Royal is secured by its medium and long-term investment portfolios. Neither we nor any of our restricted subsidiaries have guaranteed payment of any of this indebtedness. There is no limitation in the indentures on the amount of indebtedness our unrestricted subsidiaries may incur in the future. The indentures require that any indebtedness of an unrestricted subsidiary must be non-recourse to Stena AB and its restricted subsidiaries. Nevertheless, there can be no assurance that a creditor of an unrestricted subsidiary could not successfully seek satisfaction from us and our restricted subsidiaries or that, in the event of the bankruptcy of Stena AB or one or more of our unrestricted subsidiaries, a bankruptcy court would not consolidate the assets and debts of us and our restricted subsidiaries with those of the unrestricted subsidiaries.

The indentures governing our Senior Notes due 2013 and 2016 contain certain limitations on our ability to make investments in unrestricted subsidiaries. As a result of these limitations, we may be unable to finance our real estate operations or our other businesses conducted through unrestricted subsidiaries in the event that these businesses require capital. Such businesses may not be able to obtain alternate sources of financing on reasonable terms or at all, particularly as any debt financing must be non-recourse to Stena AB.

In addition, because restrictions in the indentures governing our Senior Notes due 2013 and 2016 prohibiting, subject to certain limitations, the creation of limitations on the ability of our subsidiaries to pay dividends do not apply to the unrestricted subsidiaries and because our real estate investments are subject to significant indebtedness, there can be no assurance that the cash flows or assets of the unrestricted subsidiaries will be available to us to pay our obligations under any of our indebtedness. All our indentures also provide for designating other of our subsidiaries as unrestricted subsidiaries. The indentures governing our other Senior Notes do not, and the Indenture governing the notes offered hereby will not, contain any prohibitions on the creation of limitations on the ability of our subsidiaries to pay dividends.

We may incur additional indebtedness ranking equal to the notes.

If we incur any additional indebtedness that ranks equally with the notes, including trade payables, the holders of that debt will be entitled to share ratably with you in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding-up of us. This may have the effect of reducing the amount of any proceeds paid to you.

We may be unable to purchase the notes upon a change of control.

Upon a change of control, we are required to offer to purchase all of the notes then outstanding for cash at 101% of the principal amount thereof plus accrued and unpaid interest. If a change of control were to occur, we may not have sufficient funds to pay the change of control purchase price and we may be required to secure third-party financing in order to do so. However, we may not be able to obtain such financing on commercially reasonable terms, or at all. Our future indebtedness may also contain restrictions on our ability to repurchase the notes upon certain events, including transactions that could constitute a change of control under the Indenture governing the notes. Our failure following a change of control to make or consummate an offer to purchase the notes would constitute an event of default under the Indenture. In such an event, the trustee or the holders of at least 25% in aggregate principal amount of the outstanding notes may accelerate the maturity of all of the notes. A change of control under the notes includes any transaction that results in any person (other than Sten A. Olsson, his descendents, their spouses and estates and certain trusts included within the definition of “Permitted Shareholder Group”) beneficially owning or controlling more than 50% of our voting stock. Additionally, the occurrence of events constituting a change of control with respect to the notes would constitute a change of control under the indentures governing our Senior Notes, and would require us to make an offer to purchase our Senior Notes. The failure to make such purchases would constitute an event of default under the indentures governing our Senior Notes.

The occurrence of events constituting a change of control that is not cured within 90 days would trigger mandatory prepayment of outstanding advances under our $1 billion secured revolving credit facility and termination of the facility, unless the lenders under the facility agree otherwise. Because the notes will be structurally subordinated to the borrowings under this revolving credit facility and because the revolving credit facility is secured by 13 of our vessels, four drilling rigs and two ports, our ability to repay amounts owing under the notes offered hereby and under our Senior Notes in such event may be materially adversely affected. In addition, under our $1 billion secured revolving credit facility, a change in control that would give the lending banks a right to require the payment of the outstanding borrowings thereunder in full would occur if any persons (other than Sten A. Olsson, his descendants, their estates or trusts created for their benefit) were to own more than 25% of our outstanding voting stock. As a result, the occurrence of a change in control under this revolving credit facility may not result in a change in control under the notes offered hereby or under our Senior Notes. See "Description of notes" and "Description of other indebtedness".

The change of control provisions in the Indenture governing the notes offered hereby may not protect you in the event we consummate a highly leveraged transaction, reorganization, restructuring, merger or other similar transaction, unless such transaction constitutes a change of control under the Indenture. Such a transaction may not involve a change in voting power or beneficial ownership or, even if it does, may not involve a change in the magnitude required under the definition of change of control in the Indenture to trigger our obligation to offer to repurchase the notes. Except as described above, the Indenture does not contain provisions that permit the holders of the notes to require us to repurchase or redeem the notes in an event of a takeover, recapitalization or similar transaction.

We do not know if a public market will develop for the notes or, if a market does develop, whether it will be sustained.

An application has been made to list the notes on the official list of the Luxembourg Stock Exchange and to trade on the Euro MTF Market. We cannot assure you that a market will develop for the notes, that you will be able to sell your notes at a particular time or that the prices you receive when you sell the notes will be favorable.

The liquidity of any market for the notes will depend on a number of factors, including:

- the number of holders of notes;
- our operating performance and financial condition;
- the market for similar securities;
- the interest of securities dealers in making a market in the notes; and
- prevailing interest rates and other economic conditions from time to time.

Historically, the market for non-investment grade and other debt has been subject to disruptions that have caused substantial volatility in the prices of these securities. Recently, the market was significantly affected as a result of the financial market crisis and global economic downturn. Any such disruptions and a continuing economic downturn could have an adverse effect on holders of the notes.

You may only transfer the notes in the United States in a transaction exempt from the registration requirements of the Securities Act and in any member state of the European Economic Area which has implemented the Prospective Directive in a transaction exempt from the Prospectus Directive.

We are relying upon an exemption from registration under the Securities Act and applicable state securities laws to offer the notes to investors in the United States. The notes may be transferred or resold in the United States only in a transaction registered under or exempt from the Securities Act and applicable state securities laws.

In addition, we are relying upon an exemption from the Prospective Directive to offer the notes to investors in member states of the European Economic Area which have implemented the Prospective Directive. Any future offer or sale of notes in any member state of the European Economic Area which has implemented the Prospective Directive must be for a minimum purchase price or a minimum consideration of at least € 50,000.

We cannot assure you that a judgment of a United States court for liabilities under United States securities laws would be enforceable in Sweden, or that an original action can be brought in Sweden against us for liabilities under United States securities laws.

We are a Swedish company, all our directors and officers are residents of Sweden and elsewhere outside the United States and most of our assets and the assets of our directors and officers are located outside the United States. As a result, it may be difficult for you to:

- effect service of process within the United States upon us or our directors and officers, or
- enforce judgments obtained in United States courts against us or our directors and officers based upon the civil liability provisions of the United States federal securities laws.

We have been advised by our Swedish counsel, Wistrand Advokatbyra Goteborg KB, that:

- a judgment of a United States court would not be enforceable in Sweden against us or our directors and officers, but would be accepted on an evidential basis in a Swedish legal action, and
- there is doubt whether an original action could be brought in Sweden against us or our directors and officers to enforce liabilities based solely upon the United States federal securities laws.

Risks relating to our business

The ferry industry is highly competitive in areas where we operate.

We compete with other ferry operators and forms of transportation, including airlines, other freight carriers and fixed links such as bridges and tunnels. In particular, competition from low cost airlines has increased.

Some of these other forms of transportation are faster and/or less expensive or may be more convenient than ferry service. In the case of competition with other ferry operators, such competition is based on the location of the routes, the rates charged, the quality and reliability of the vessel and the onshore and onboard services provided. The principal effect of this competition is to affect our volumes and limit our ability to increase prices. Some of our competitors may have greater financial resources than us, be owned by governments or benefit from government subsidies. As a result, such competitors may be able to withstand price competition and price volatility better than we are.

Rising fuel prices will adversely affect the profitability of our ferry operations.

Fuel represents a significant cost incurred by us in the operation of our fleet. Fuel prices increased substantially in 2007 and in the first half of 2008 after which they declined. In 2009, fuel prices increased again and continued to be volatile. In addition, HSS vessels consume significantly more fuel than conventional ferries. The price and supply of fuel is unpredictable and fluctuates based on events outside our control, including geopolitical and regulatory developments, supply and demand for oil and gas, actions by OPEC and other oil and gas producers, war and unrest in oil producing countries and regions, regional production patterns and environmental concerns. Further or sustained increases in the price of fuel or reductions in supply could increase our operating expenses and have a material adverse effect on our financial condition and results of operations. Road and port blockades in the future, arising from fuel protests or other reasons, may have similar effects.

We seek to reduce our exposure to adverse changes in fuel prices by entering into hedging transactions. We primarily use swaps and options to hedge our exposure to variations in the price of fuel. However, there can be no assurance that such hedging activities will be successful, and generally our bunker fuel requirements are not fully hedged. Increases in fuel prices resulted in a decline in the profitability of operating one of our three HSS 1500 vessels on its route. We took this vessel out of service in January 2007, and it was later sold.

In addition, as a substantial portion of our existing bunker hedges will expire in the next two years, if bunker prices remain at current levels or increase, our bunker expenses will be significantly higher in future years.

Our operating results are subject to seasonal fluctuations.

Our ferry operations are highly seasonal, principally because passenger volumes are linked to tourism. The period from June through September is the peak travel season for passengers. As a result, our ferry operations generate a significantly greater portion of their revenues and substantially all of their profits in the second and third quarters and generally report losses in the first and fourth quarters.

The offshore drilling rig market is competitive, and the future demand for our drilling units is unpredictable.

The offshore drilling rig market is highly competitive. All our drilling units are currently contracted, with expiration dates ranging from the fourth quarter of 2010 to 2014. The level of demand for offshore drilling rigs has historically fluctuated significantly in connection with oil price changes. No assurances can be given with respect to future demand for such rigs or the prices at which they may be contracted after the existing contracts expire. In particular, we may not be able to secure a contract with respect to our newbuilding on order, *Stena DrillMAX ICE*, at all, at a price we deem acceptable or without delay after delivery.

Drilling contracts generally are awarded on a competitive bid basis with price competition as the primary factor. Some oil companies are seeking to negotiate contracts with a lower day rate and an incentive payment payable only upon achieving specified operating goals. In these cases, in the event of rig equipment failures or if we do not achieve the stated goals, our revenues will be lower. However, contracts for drilling projects are increasingly being negotiated directly between an oil company and its preferred contractor, with suitability of equipment, quality of service, safety and price being significant factors in awarding the contract. We cannot predict the timing or extent of any changes in the industry or the future level of demand for our drilling rigs.

Charter rates, utilization levels and values for our vessels and drilling rigs may decrease.

Over the last decade, charter rates, vessel values and the general profitability of the shipping and offshore drilling industries have been volatile. There can be no assurance that charter rates or vessel values in the businesses in which we operate will be stable or increase over time. Vessel values are strongly influenced by charter rates, which in turn are influenced by the number and types of vessels generally available, costs of newbuildings, changes in trading patterns affecting the demand for particular types and sizes of vessels and technological advances in vessel design and propulsion, as well as the level and pattern of global economic growth.

In the case of our RoRo and RoPax vessels, a substantial portion of our vessel utilization has been through long-term charters. For the five years ended December 31, 2009, the RoRo and RoPax vessels have averaged a utilization rate of approximately 98%. As of December 31, 2009, all of the vessels in our Roll-on/Roll-off fleet were under charter, with expiration dates ranging from November 2010 to June 2013. The large number of RoRo and RoPax newbuildings ordered and delivered in the industry in recent years and the increasing demand for larger vessels have adversely impacted charter rates and the value of older, smaller and slower vessels.

For the five years ended December 31, 2009, our drilling rig utilization rate has averaged approximately 91%. All our drilling units are currently contracted with expiration dates ranging from the fourth quarter of 2010 to 2014. There can be no assurance that we will be able to enter into future rig charter contracts after our current contracts expire. Our customers may terminate some of our drilling contracts if the drilling unit is destroyed or lost or if drilling operations are suspended for a specified period of time as a result of a breakdown of major equipment or, in some cases, due to other events beyond the control of either party. In reaction to depressed market conditions, our customers may also seek renegotiation of firm drilling contracts to reduce their obligations. We expect a significant number of new drilling rigs to be delivered in the industry in the coming years, which could have a negative effect on charter rates.

For the five years ended December 31, 2009, the utilization for our fleet of chartered in, owned and finance leased tankers has averaged approximately 99%. Although we have long-term time charters in place for seven of our ten owned and finance leased tankers (including five tankers in which we have a 50% ownership interest), 18 of our 21 chartered in tankers were trading on the spot market as of December 31, 2009. There can be no assurance that rates on the spot market will not further decline, that charters on the spot market will continue to be available or that dependence on the spot market will not result in generally lower overall utilization and lower profitability. The time charters for our two finance leased tankers expire in 2011 and 2013. We expect a significant number of new tankers to be delivered in the industry in the coming years, which could have a negative effect on charter rates. In particular, we may not be able to secure a contract with respect to our two Suezmax tankers on order at all, at a price we deem acceptable or without delay after delivery.

We actively seek new charters in an effort to maintain a high level of vessel and rig utilization. However, we cannot assure you that we will be successful in renewing charter agreements, obtaining charter agreements for our newbuildings or replacing charter agreements for our existing vessels or that future charter rates will enable our vessels to be operated profitably.

Conversions of our vessels and drilling rigs, upgrades or newbuildings may be subject to delays and cost overruns.

From time to time we may undertake to add new capacity through conversions or upgrades to our vessels and drilling rigs or through new construction. These projects are subject to risks of delay or cost overruns inherent in any large construction project resulting from numerous factors, including the following:

- shortages of equipment, materials or skilled labor;
- unscheduled delays in the delivery of ordered materials and equipment;
- unanticipated cost increases;
- weather interferences;
- difficulties in obtaining necessary permits or in meeting permit conditions;
- design and engineering problems;
- failure to meet agreed-upon specifications; and
- bankruptcy or other failures of the shipyard.

The shipping industry is cyclical and subject to a variety of external factors.

Historically, the profitability of the shipping industry has been cyclical. The cyclicality of the shipping industry has been due to changes in the level and pattern of global economic growth and trading and the highly competitive nature of the shipping industry, as well as changes in the supply of and demand for vessel capacity, which impact charter rates and vessel values. The worldwide supply of vessels is influenced by the number of newbuildings and scrappings and government and industry regulation of maritime transportation practices. The overall demand for vessel capacity is influenced by global and regional economic conditions, increases and decreases in industrial and agricultural production, energy consumption, tourism patterns, political changes and armed conflicts, developments in international trade and changes in sea borne and other trading patterns. Because many of the factors influencing the supply of and demand for vessel capacity are unpredictable, the timing, direction and degree of changes in the shipping markets in which we participate, including the RoRo, RoPax, car/passenger ferry and tanker markets, as well as future charter rates and vessel values, are also unpredictable, and we cannot assure you that demand for our services or vessels will increase or even remain stable.

Our financial results may be affected by general changes in the global financial markets and economies.

The length and severity of the current economic downturn and the uncertainty caused by the global credit and liquidity crisis have adversely affected demand for some of our products and services. A continuing economic downturn could result in, among other things, a further or continued decline in freight and passenger volumes in our ferry operations, demand and charter rates for our drilling, tanker and Roll-on/Roll-off vessel fleets and demand for the products of the subsidiaries of Adactum. In addition, a continuing economic downturn could adversely affect our financial investments. A lasting downturn in the economy may have a material adverse impact on our business, financial condition and results of operations.

Our international operations expose us to risks and uncertainties arising from international political conflicts, economic conditions and other events that could negatively impact our results of operations.

Our operations are global and are affected by international economic, political and governmental conditions, especially in the countries where we and our subsidiaries are engaged in business or where our vessels operate or are registered.

Economic conditions and fluctuations in currency exchange rates among the countries in which we conduct our ferry operations affect the travel and trade patterns of our customers. We are also subject to governmental and regulatory risks, including taxation, nationalization, inflation and protectionist measures that can affect our ability to operate our current routes or alter our routes. We are further subject to political upheaval risks.

We are subject to risks pertaining to the Middle East conflict. The tankers owned, chartered in or managed by us trade from time to time in the Arabian Gulf. In the past, political and armed conflicts in this region have included attacks on tankers and other efforts to disrupt shipping in this area. Future political instability or future hostilities in this region could adversely impact our tanker operations.

These circumstances may materially adversely affect our trade patterns, operations and results of operations.

Terrorist attacks or acts of war may adversely affect the markets in which we operate, our operations and our profitability.

The occurrence of acts of terrorism and any military response would likely cause instability in financial markets and disruptions in travel and trade patterns. Furthermore, terrorist attacks and military actions may result in reduced demand from our customers for our services. Acts of terrorism and regional military conflict may subject our worldwide operations to increased risks and, depending on their magnitude, could have a material adverse effect on our business.

Acts of piracy on ocean-going vessels have recently increased in frequency, which could adversely affect our business.

Acts of piracy have historically affected ocean-going vessels trading in regions such as the South China Sea and the Gulf of Aden off the coast of Somalia. Throughout 2008 and 2009, the frequency of piracy incidents increased significantly, particularly in the Gulf of Aden off the coast of Somalia. If these piracy attacks occur in areas where our vessels are deployed and which are characterized by insurers as war risk zones (as the Gulf of Aden temporarily was in May 2008) or Joint War Committee (JWC) war and strikes listed areas, premiums payable for insurance coverage could increase significantly and such insurance coverage may be more difficult to obtain. In addition, crew costs, including costs for employing onboard security guards, could increase in such circumstances. We may not be adequately insured to cover losses from these incidents, which could have a material adverse effect on our operations. In addition, detention hijacking as a result of an act of piracy against our vessels, or an increase in cost, or unavailability of insurance for our vessels, could have a material adverse impact on our business, financial condition and results of operations.

We have potential conflicts of interest with our owners that may adversely affect us.

Our owners own other companies and have other business interests. In the past, certain of these companies have engaged in the same business as or in businesses similar to those conducted by us. In the future, due to the availability of funds, restrictions contained in debt or other instruments or for other reasons, our owners may allocate a particular business opportunity, such as the acquisition of a vessel or drilling rig or the construction of a new vessel, to such other companies. In addition, our owners may make these investments or engage in these businesses directly. As a result, we would not receive any cash flow or income generated by the investment, and such activities by our owners may result in these other companies or our owners directly competing with us.

An inability to attract or retain qualified crew members, or a loss of key members of our management team, could materially adversely affect our revenues, results of operations and prospects.

There is a limited supply of qualified crew members for our vessels and rigs. If we are unable to attract and retain sufficient qualified crew, our operations could be adversely affected. In addition, we rely, and expect to continue to rely, upon Dan Sten Olsson, our Chief Executive Officer, and other key employees and officers for the successful pursuit of our activities. The loss of any of their services could have an adverse effect on our operations.

Most of our onboard staff and onshore shipping staff are unionized. Strikes by them may disrupt our services and adversely affect our operations.

The shipping industry in Sweden and other jurisdictions in which we operate are susceptible to industrial action due to the strong influence of maritime trade unions. While we believe that we have good relations with our work force, we cannot assure you that we will not be adversely affected by future industrial action against efforts by our management to reduce labor costs, restrain wage increases or modify work practices.

We are party to separate agreements covering substantially all our employees in our ferry operations in Sweden, the United Kingdom and The Netherlands. Generally, the terms of these agreements are for one to two years or the agreements continue until terminated or renegotiated. In the United Kingdom, we have an agreement with our labor unions for which the pay level is negotiated on an annual basis. Although we have not experienced any major strike or work stoppage in the last ten years, there can be no assurance that we will in the future be able to favorably negotiate the terms and conditions of such labor agreements or that strikes or disruptions will not occur in the future as a result of the failure to negotiate such terms or otherwise.

Currency fluctuations may have a material adverse effect on our financial position and/or our operating margins.

Although we report our results of operations in Swedish kronor, we earn a substantial portion of revenues and incur a substantial portion of expenses in other currencies, principally U.S. dollars, British pounds, Euros and

Norwegian kroner. In particular, we incur significant expenses in U.S. dollars for fuel and for expenses in our tanker and offshore drilling operations, and as of December 31, 2009, approximately SEK15 billion of our debt was denominated in U.S. dollars, excluding the debt of our SPEs. Fluctuations in the exchange rates between the U.S. dollar and other currencies could have a material effect on the amount of funds denominated in other currencies needed by us to satisfy our U.S. dollar-denominated obligations. In addition, a substantial portion of our assets and liabilities are denominated in currencies other than the Swedish kronor. As a result, these assets and liabilities will also be impacted by changes in the exchange rate between the Swedish kronor and such other currencies. Our financial results, as reported in Swedish kronor, in the past have been and in the future are expected to be significantly affected by changes in the exchange rate between the Swedish kronor and such other currencies. We seek to manage our foreign currency exposure by using forward exchange contracts. We also hedge certain of our currency exchange exposures with borrowings denominated in the same currency as the investment. However, there can be no assurance that such hedging will be successful, and foreign exchange fluctuations may have a material adverse effect on our financial results and/or our operating margins.

We utilize various financial instruments, including hedging arrangements, to manage financial risks, that may not be successful.

We have traditionally used various financial instruments as part of an overall risk management policy to seek to reduce our exposure to interest rate and foreign currency exchange fluctuations. To manage our interest rate risks, we utilize swaps, forward rate agreements, interest rate futures, options and interest rate collars. To manage our foreign currency exchange rate exposure, we utilize forward foreign currency exchange contracts, foreign currency options and currency swaps. We also hedge certain of our currency exchange exposures with borrowings denominated in the same currency as the investment. However, there can be no assurance that we will continue such hedging or that such hedging will be successful in mitigating the risk that interest rate fluctuations will have an adverse effect on our financial statements and/or operating results.

By utilizing hedging instruments, we potentially forego benefits that might result from fluctuations in currency exchange rates, declines in short-term interest rates and declines in oil prices. Additionally, we are exposed to credit risk in the event of the failure of counterparties to meet their obligations under these arrangements. The theoretical risk is the cost of replacement at current market prices of these transactions in the event of defaults by counterparties.

Although we seek to reduce the risk of non-performance by counterparties by maintaining a policy of entering into such arrangements only with highly rated institutions, one or more of our counterparties could default and this default could have an adverse effect on our results of operations.

We maintain an investment portfolio of equity and debt securities, and market fluctuations may have a material effect on our financial position and our financial results.

As of December 31, 2009, the fair value of our marketable securities and short-term investments (including restricted cash of SEK 3.3 billion) amounted to SEK 5.9 billion, as compared to SEK 7.7 billion (including restricted cash of SEK 4.7 billion) as of December 31, 2008. Our investments in equities include both publicly traded and private companies. The debt securities currently held by us are primarily floating rate notes and high yield corporate bonds. We have also invested in SPEs, which we consolidate, whose purpose is to make investments, primarily in high yield securities and bank loans. As of December 31, 2009, we had investments in four SPEs whose total assets amounted to SEK 8.2 billion, which were financed in part by U.S. dollar-denominated notes issued by the SPEs in an aggregate amount of SEK 8.2 billion (which is non-recourse to Stena AB). We seek to maintain a diversified investment portfolio to balance our exposure to various risks. However, investments are subject to various risks and fluctuations and are highly volatile and, as a result, there can be no assurance that our investment activities will be profitable.

We maintain a significant portfolio of debt and equity securities, and our experience in investments in businesses outside our traditional ferry operations, shipping, drilling and other lines of business is limited. If our investment portfolio is not successful, our financial position and results of operations could be materially and adversely affected, even if our core business is performing well.

We have less experience in evaluating and managing new investments Adactum may make than investments in our traditional lines of business.

Through Adactum, one of our unrestricted subsidiaries, we make long-term active investments in listed and private companies engaged in businesses outside of our traditional lines of business. We have less experience in evaluating new investments Adactum may make than investments in our traditional lines of business. In addition, these businesses are often subject to different risks than the risks associated with our traditional lines of business. While we seek to make investments in businesses which we believe have sufficient management expertise to respond to changes in market conditions and other events and developments, we may not be able to respond effectively to developments and changes in these businesses and the markets in which they operate.

Compliance with safety, environmental and other governmental requirements may adversely affect our operations.

The shipping industry in general, and our business and the operation of our vessels in particular, are affected by a variety of governmental regulations in the form of numerous international conventions, national, state and local laws and national and international regulations in force in the jurisdictions in which such vessels operate, as well as in the country or countries in which such vessels are registered. These regulations include, but are not limited to:

- the United States Oil Pollution Act of 1990 ("OPA '90") with respect to strict liability for the discharge of oil and other materials into the environment, the issuance of certificates of financial responsibility for vessels trading in United States waters and requiring that newly constructed tankers that trade in United States waters be constructed with double hulls;
- the United States Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA") which applies to discharge of hazardous substances (other than oil), whether on land or at sea. CERCLA applies to owners and operators of vessels and provides for cleanup, removal and natural resource damages. CERCLA's liability regime is similar to that of OPA '90;
- the International Convention on Civil Liability for Oil Pollution Damage of 1969 and the protocol of 1992 ("CLC") entered into by certain countries (other than the United States) relating to strict liability and limitation of liability of the shipowner for pollution damage caused by the discharge of persistent oil;
- International Convention for the Prevention of Pollution from Ships of 1973 and Protocol 1978 ("MARPOL 73/78") with respect to strict technical and operational requirements for tankers, including an enhanced inspection regime and the requirement that all new tankers have to be built with double hulls;
- Annex VI of MARPOL entered into force in May 2005 and revised in October 2008 regarding the reduction of harmful emissions from ships;
- International Convention for the Control and Management of Ships´ Ballast Water and Sediments ("IMO 2004");
- the International Maritime Organization International Convention for the Safety of Life at Sea ("SOLAS") of 1974 with respect to crew and passenger safety, certain safety regulations concerning car/passenger ferry and RoPax vessels and a subsequent chapter, as revised in 2000, with respect to the construction and operation of high speed craft, such as the HSS ferries, as well as recently adopted mandatory security provisions for ships engaged in international voyages and mandatory compliance with the new International Ship and Port Facility Security Code (ISPS code) and the International Safety Management (ISM) Code, which sets out guidelines for the safe operation of ships;
- the International Convention on Load Lines of 1966 ("ICLL") with respect to the safeguarding of life and property through limitations on load capability for vessels on international voyages;
- the International Convention Relating to the Carriage of Passengers and their Luggage by Sea (the "Athens Convention"), relating to the limits of liability of carriers, which has introduced a strict liability regime with limited defenses; and
- the United States Maritime Transportation Security Act of 2002 ("MTSA") with respect to vessel security.

In order to maintain compliance with existing and future laws, treaties and international agreements, we incur, and expect to continue to incur, substantial costs in meeting maintenance and inspection requirements, developing and implementing emergency preparedness procedures, and obtaining insurance coverage or other required evidence of financial ability sufficient to address pollution incidents.

Additional laws and regulations, both international and national, may be adopted as a result of oil spills and heightened security concerns, which could limit our ability to do business or increase our cost of doing business and have a material adverse effect on our operations. In addition, we are required by various governmental and regulatory agencies to obtain certain permits, licenses and certificates with respect to our operations. In the event of war or national emergency, our vessels may be subject to requisition by the government of the flag flown by the vessel without any guarantee of compensation for lost profits.

We believe our vessels are maintained in good condition in compliance with present regulatory requirements, are operated in compliance with applicable safety/environmental laws and regulations and are insured against usual risks for such amounts as our management deems appropriate. The vessels' operating certificates and licenses are renewed periodically during each vessel's required annual survey. However, government regulation of vessels, particularly in the areas of safety and environmental impact may change in the future and require us to incur significant capital expenditure on our vessels to keep them in compliance.

Catastrophic loss and other events in our business could adversely affect our results of operations.

The operation of any oceangoing vessel carries with it an inherent risk of catastrophic maritime disaster, mechanical failure, collision and loss of or damage to cargo.

Additionally, in the course of operating vessels, marine disasters such as oil spills and other environmental mishaps, cargo loss or damage, business interruption due to political or other developments, as well as maritime disasters not involving us, labor disputes, strikes and adverse weather conditions could result in loss of revenues, liabilities or increased costs, personal injury, loss of life, severe damage to and destruction of property and equipment, pollution or environmental damage and suspension of operations. Damage arising from such occurrences may result in lawsuits asserting large claims. In addition, offshore drilling operations are subject to many of the same risks as shipping, including risks relating to the environment and possible catastrophic loss or liability, and are subject to the usual hazards inherent in drilling for oil and gas offshore, such as blowouts, reservoir damage, loss of well control, punchthroughs, craterings or fires.

Although we maintain insurance that we believe is consistent with industry norms against certain of these risks, including loss of life, there can be no assurance that such insurance would be sufficient to cover the cost of damages suffered by us or the loss of income resulting from any of those events. We also cannot assure you that a claim will be paid or that we will be able to obtain insurance at reasonable rates in the future. We may also be subject to calls, or premiums, in amounts based not only on our own claim records but also the claim records of all other members of the protection and indemnity associations through which we obtain insurance coverage for tort liability. Our payment of these calls could result in significant expenses to us which would reduce our profits or cause losses.

In the event that such claims were assessed against us, all our assets could be subject to attachment and other judicial process.

Use of proceeds

The proceeds from the offering of the notes were € 196,622,600, before deducting commissions and expenses related to this offering, which are estimated to be approximately € 3.0 million. We intend to use the net proceeds from this offering to repurchase our outstanding Senior Notes due 2013, either through open-market purchases or a cash tender offer, and for general corporate purposes.

Capitalization

The following table sets forth our cash and cash equivalents and capitalization as of December 31, 2009, and on an as adjusted basis to give effect to this offering. You should read the adjusted capitalization data set forth in the table below in conjunction with "Use of proceeds", "Selected consolidated financial information and other data", "Management's discussion and analysis of financial condition and results of operations" and our consolidated financial statements and the related notes appearing elsewhere in this offering memorandum.

	As of December 31, 2009		
(in millions)	**Actual**	**As adjusted[1]**	**As adjusted**
	SEK	**SEK**	**USD[2]**
Cash and marketable securities	7,088	9,072 [10]	1,262
Short-term debt[3] :			
Credit facilities	1,541	1,541	214
Other short-term interest bearing debt	682	682	95
Capitalized lease obligations	135	135	19
Total short-term debt	2,358	2,358	328
Revolving credit facilities[4]	1,233	1,233	172
Other long-term debt:			
Secured debt[5]	30,253	30,253	4,208
Senior Notes due 2013[6]	1,100	1,100	153
Senior Notes due 2016[6]	926	926	129
Senior Notes due 2017[6]	3,075	3,075	428
Senior Notes due 2019[6]	1,046	1,046	145
Notes offered hereby[6]	—	1,984	276
Capitalized lease obligations	1,908	1,908	265
Total debt[7,8]	41,898	43,882	6,104
Shareholders' equity[9]	28,872	28,872	4,016
Total capitalization and short-term debt	70,770	72,754	10,120

(1) We intend to use the net proceeds from this offering to repurchase our outstanding Senior Notes due 2013, either through open-market purchases or a cash tender offer, and for general corporate purposes. Any such repurchase is not expected to be completed prior to this offering and the pro forma senior notes amounts do not reflect any use of the net proceeds of the offering to repurchase these notes.

(2) As adjusted amounts have been translated into U.S. dollars, solely for convenience of the reader, at an exchange rate of $1.00 = SEK 7.1890, the Noon Buying Rate on December 31, 2009.

(3) Includes the current portion of long-term debt.

(4) As of December 31, 2009, availability under the revolving credit facilities was $1.2 billion.

(5) Secured debt primarily consists of debt incurred by unrestricted subsidiaries, of which SEK 13.7 billion is secured by real estate.

(6) Reflects the total amount of debt outstanding net of original issue discount, if any, and fees and expenses associated with the applicable offering not yet amortized.

(7) Out of the total debt, approximately SEK 15.6 billion ($2.2 billion) was the obligation of our unrestricted subsidiaries.

(8) The unaudited condensed consolidated financial statements as of December 31, 2009, include debt within the SPEs of SEK 8.2 billion and investments within the SPEs of SEK 8.2 billion. The debt and investments within the SPEs are not included in this table.

(9) Excluding minority interest.

(10) Indebtedness represented by the notes offered hereby and the expected net cash proceeds of the notes are translated from euro into SEK, solely for the convenience of the reader, at an exchange rate of € 1 = SEK 10.2506. The expected net cash proceeds assume € 3.0 million in fees and expenses associated with this offering.

Selected consolidated financial information and other data

In the following table, we provide you with our selected consolidated financial information and other financial data at the dates and for the periods indicated. The selected consolidated financial information and other financial data for the two-year period ended December 31, 2008, has been derived from our audited consolidated financial statements. The audited financial statements have been audited by KPMG AB, independent auditors. The selected consolidated financial information for the financial year ended December 31, 2009, has been derived from our unaudited condensed consolidated financial statements. The financial information is unaudited, but reflects all adjustments that are, in the opinion of management, necessary for the twelve month period ended December 31, 2009, for a fair presentation of the results of the periods presented.

Our consolidated financial statements are prepared in accordance with IFRS, including statements from IFRIC, as issued by the IASB and approved by the EU.

You should read the data below together with information included under the headings "Risk factors", "Selected consolidated financial information", "Management's discussion and analysis of financial condition and results of operations" and our audited consolidated financial statements and the related notes and the unaudited financial statements and the related notes which are included elsewhere in this offering memorandum.

	Year ended December 31,			
(In millions)	**2007**	**2008**	**2009**	**2009**
	SEK	**SEK**	**SEK**	**USD**[1]
Consolidated group				
Income Statement Data:				
Total revenues	22,402	26,472	27,812	3,868
Direct operating expenses	(14,085)	(16,679)	(17,188)	(2,390)
Selling and administrative expenses	(2,177)	(2,920)	(3,207)	(446)
Depreciation and amortization	(1,680)	(2,501)	(3,415)	(475)
Total operating expenses	(17,942)	(22,100)	(23,810)	(3,311)
Income from operations	4,460	4,372	4,002	557
Share of affiliated companies' results	(61)	(80)	24	3
Dividends received	211	285	61	8
Gain (loss) on securities, net	950	(1,785)	(81)	(11)
Interest income	919	957	685	95
Interest expense	(1,739)	(2,260)	(1,864)	(259)
Foreign exchange gains (losses), net	(49)	582	(282)	(39)
Other financial income (expense), net	(230)	(693)	(201)	(28)
Total financial income and expense	1	(2,994)	(1,658)	(231)
Income before taxes	4,461	1,378	2,344	326
Income taxes	(632)	367	20	3
Net income	3,829	1,745	2,364	329
Balance Sheet Data:				
Cash and marketable securities[2]	11,562	9,174	7,088	987
Investment in SPEs	9,251	9,973	8,174	1,137
Total assets	81,524	97,369	92,205	12,826

(In millions)	Year ended December 31, 2007 SEK	2008 SEK	2009 SEK	2009 USD[1]
Debt in SPEs	8,021	9,492	8,249	1,147
Other debt[3]	32,731	45,490	41,898	5,828
Total debt	40,752	54,982	50,147	6,975
Shareholders' equity	26,386	27,454	29,183	4,059
Other Financial Data:				
Capital expenditures	(8,368)	(9,696)	(9,230)	(1,283)
Cash dividends paid	(550)	(390)	(190)	(26)
Cash flow from operating activities	4,586	5,381	7,084	986
Cash flow from investing activities	(12,862)	(7,397)	(6,456)	(898)
Cash flow from financing activities	8,064	2,714	(907)	(126)
Earnings to fixed charges[4]	4.5	1.7	2.4	2.4

(1) Amounts in U.S. dollars have been translated, solely for the convenience of the reader, at an exchange rate of $1.00 = SEK 7.1890, the Noon Buying Rate on December 31, 2009.

(2) Cash and marketable securities consists of cash and cash equivalents, short-term investments and marketable securities.

(3) Other debt includes Senior Notes, short-term debt, long-term debt and capitalized lease obligations, current and non-current.

(4) For purposes of computing the ratio of earnings to fixed charges, earnings consist of profit before tax plus fixed charges. Fixed charges consist of interest on all indebtedness (excluding SPEs), plus a proportion of rental expense deemed to be representative of the interest factor.

Restricted group data

Restricted Group Data represents the selected unaudited consolidated financial information excluding (i) the property business segment (other than two small properties), (ii) the business segment of Adactum, whose activities consist primarily of investing in companies outside the Company's traditional lines of business, and (iii) our subsidiaries Stena Investment Luxembourg S.à r.l., Stena Royal S.à r.l., Stena Investment Cyprus Ltd and Mondaldi Ltd. For purposes of the Indenture governing the notes offered hereby, these subsidiaries will be designated unrestricted subsidiaries, and, as a result, will not be bound by the restrictive provisions of the Indenture. The following data is unaudited.

(In millions)	Year ended December 31, 2008 SEK	2009 SEK	2009 USD[1]
Restricted group			
Income Statement Data:			
Total revenues	20,820	20,959	2,915
Direct operating expenses	(13,083)	(12,912)	(1,797)
Selling and administrative expenses	(2,109)	(2,068)	(288)
Depreciation and amortization	(2,376)	(3,195)	(444)
Income from operations	3,252	2,784	386
Interest income	474	265	37
Interest expense	(887)	(1,032)	(144)
Net income	3,010	2,151	298

(In millions)	Year ended December 31, 2008 SEK	2009 SEK	2009 USD[1]
Restricted group			
Balance Sheet Data:			
Cash and marketable securities[2]	5,420	3,603	501
Total assets	62,729	57,537	8,004
Total debt[3]	28,879	26,272	3,655
Shareholders' equity	23,672	23,331	3,245
Other Data:			
Capital expenditures	7,922	7,802	1,085
Adjusted EBITDA[4]	6,102	6,244	869

(1) Amounts in U.S. dollars have been translated, solely for the convenience of the reader, at an exchange rate of $1.00 = SEK 7.1890, the Noon Buying Rate on December 31, 2009.

(2) Cash and marketable securities consists of cash and cash equivalents, short-term investments and marketable securities.

(3) Total debt includes Senior Notes, short-term debt, long-term debt and capitalized lease obligations, current and non-current.

(4) "Adjusted EBITDA" of the Restricted Group is defined as consolidated operating income (less unrealized gain on the disposition of vessels pursuant to deferred payment obligations) plus cash dividends from affiliated companies, interest income, depreciation, amortization and non-cash charges minus aggregate gains on vessel dispositions to the extent such gains exceed 25% of adjusted EBITDA excluding sale of tangible fixed assets. We have included information in this offering memorandum relating to Adjusted EBITDA because it conforms with the definition of Consolidated Cash Flow in the indentures governing our Senior Notes and the Indenture that will govern the notes offered hereby. Our ability to incur debt pursuant to these indentures is limited by a pro forma calculation of the ratio of Consolidated Cash Flow to Consolidated Interest Expense. Pursuant to these indentures, we may incur additional debt so long as the pro forma ratio of Consolidated Cash Flow to Consolidated Interest Expense exceeds 2.00 to 1.00 for the Restricted Group subject to certain exceptions as defined in the indentures. Adjusted EBITDA is not a measure in accordance with IFRS and should not be used as an alternative to cash flows or as a measure of liquidity and should be read in conjunction with the consolidated statements of cash flows contained in our consolidated financial statements included elsewhere herein. The computation of Adjusted EBITDA of the Restricted Group and a reconciliation to cash flows from operating activities is presented on page 11.

Management's discussion and analysis of financial condition and results of operations

General

The following discussion and analysis should be read in conjunction with the "Selected consolidated financial information and other data" and our audited consolidated financial statements, our unaudited condensed consolidated financial statements and the related notes included elsewhere in this offering memorandum. Our consolidated financial statements have been prepared in accordance with IFRS.

We are active internationally, primarily in the areas of ferry operations, offshore drilling, shipping, real estate, new businesses and finance. There are no significant transactions between the operating segments.

Ferry operations are conducted in Scandinavia, the United Kingdom, Germany, Poland, The Netherlands and the Republic of Ireland under the "Stena Line", "Scandlines" and "HH-Ferries" brand names. We are one of the world's largest ferry operators. The business currently consists of 18 strategically located ferry routes, 36 vessels, and four ports in Scandinavia and the UK.

Ferry revenues are primarily generated from: (i) travel, which consists primarily of ticket sales for passengers and private cars, package tours and hotel sales; (ii) onboard sales, which consists primarily of retail sales, restaurants, bars, arcades, gaming and, on our Norway-Denmark route, duty and tax free sales; and (iii) freight, which consists primarily of trailer and truck transportation. Direct operating expenses for ferry operations consist mainly of personnel costs, costs of goods sold on the vessels, bunker fuel costs, vessel charter costs, commissions, package tour costs and other related costs.

Offshore drilling is operated through Stena Drilling, headquartered in Aberdeen, Scotland. We are one of the world's leading companies in the development, construction and operation of offshore drilling rigs and drillships. We currently own and operate two third generation and two fifth generation semi-submersible drilling rigs and three sixth generation ultra-deepwater drillships. We have also one enhanced ultra-deepwater ice-class drillship, *Stena DrillMAX ICE*, on order scheduled for delivery in the first quarter of 2012.

Drilling revenues consist of charter hires for drilling rigs and drillships. Direct operating expenses for drilling consist primarily of personnel costs, insurance, maintenance and catering costs.

Shipping operations consists of the ownership and chartering of crude oil and petroleum product tankers and Roll-on/Roll-off vessels. To support these activities, we are also engaged in the design, purchase, sale, management and crewing of such vessels.

Stena Bulk, with eight offices in seven countries, is one of the world's leading tanker shipping companies. We develop pioneering tankers to meet the customers' need for safe transportation and innovative logistics. We currently control a fleet of approximately 65 tankers and are active in all segments of the tanker market. We also have two Suezmax tankers on order scheduled for delivery in the third and fourth quarters of 2011.

Stena RoRo provides vessels, innovative solutions and project management. Our customers are operators and ship owners around the world.

Northern Marine Management ("NMM") is the Company's international ship management company based in Glasgow, Scotland, with a world-wide customer base. With an extensive portfolio of clients and a wide range of vessels under management, NMM is a market leader in quality services. NMM operates a diverse high-tech fleet of approximately 120 vessels from its worldwide network of offices including Aberdeen, Glasgow, Gothenburg, St Petersburg, Hamburg, Houston, Manila, Mumbai, and Singapore.

Stena Teknik is a common resource for all maritime areas within our group. The operation consists of new construction and conversion projects, marine technical advice and purchasing, as well as research and development within marine areas.

Shipping revenues consist primarily of charter hires for owned and chartered in vessels and management fees for vessels managed by us. Direct operating expenses for shipping consist primarily of vessel charter costs, fuel costs, personnel costs, insurance and other related vessel costs.

Real Estate operations relate to investments through unrestricted subsidiaries in residential and commercial real estate. The properties are located primarily in Sweden and The Netherlands.

We own a total of 2.1 million sqm, mainly in Sweden, and manage a further 300,000 sqm on behalf of related companies. The property portfolio consists of approximately 24,500 apartments and commercial properties. We are one of Sweden's largest privately-owned property companies.

Real estate revenues consist of rents for properties owned and management fees for properties managed by us. Real estate expenses consist primarily of maintenance, heating and personnel costs.

New Businesses Adactum include long-term investments in listed as well as private companies, in new businesses outside our traditional lines of business through our unrestricted subsidiary Stena Adactum. Our objective is to create value outside of our core business by building strong, profitable companies that can create platforms for new business opportunities within the group. As of December 31, 2009 Stena Adactum had direct investments in six private companies, of which three are wholly owned and one is 80% owned, and held significant ownership interest in two listed companies.

Currency effects

Our revenues and expenses are significantly affected, as reported in Swedish kronor, by fluctuations in currency exchange rates, primarily relative to the U.S. dollar, the British pound, Norwegian kronor and the Euro. We seek to mitigate the impact of potential adverse foreign currency exchange fluctuations by matching, to the extent possible, revenue and expenses in the same currency. In addition, we enter into certain derivative financial instruments. Revenues in our ferry operations are mainly generated in SEK, British pounds, Euro, Norwegian kronor and Danish kronor.

In addition, our assets and liabilities, as reported in SEK, are significantly affected by fluctuations in currency exchange rates. We seek to mitigate the impact of potential adverse foreign currency exchange fluctuations by hedging certain of the currency exchange exposures with borrowings denominated in the same currency as the investment. In addition, we enter into certain derivative financial instruments. Although we seek to hedge the net effects of such fluctuations, such fluctuations nonetheless have an impact on our reported assets and liabilities.

Significant events

Ferry operations

In March and June 2007, *Stena Britannica* and *Stena Hollandica* returned to service after having been lengthened. The investments related thereto amounted to SEK 344 million and SEK 544 million, respectively.

In June 2007, the newly built RoPax vessel, *Stena Traveller*, was delivered by the Norwegian shipyard, Fosen, and put into service on Stena Line's route Hoek van Holland-Killingholme.

In August 2007, two RoPax vessels were ordered from the Samsung Heavy Industries Co., Ltd ("SHI") shipyard in Korea. The estimated aggregate investment is approximately € 220 million with expected delivery in the first and third quarters of 2011.

In August 2007, *Stena Carrier* was sold to Stena Metall with a gain of SEK 116 million. The vessel was chartered back for a period of ten years.

In November 2007, *Stena Searider* was sold to an Italian shipping company with a gain of SEK 30 million.

In January 2008, we acquired 100% of the shares in Sembo, a Swedish package holiday company, for SEK 61 million.

In January 2008, we acquired the day ferry *Stena Aurora*, operating on the Helsinborg-Helsingör route.

In October 2008, we acquired the Swedish ferry operator HH Ferries from Sessan for SEK 61 million.

In December 2008, we acquired the RoRo vessels *Stena Carrier* and *Stena Freighter* as well as the RoPax vessel, Stena Nordica, from Stena Metall.

In June 2009, we sold the RoRo vessel Stena Transporter, which was taken out of operation on the Rotterdam-Harwich route as of March 1, 2009.

In September, 2009, we acquired the vessel *Seafrance Manet*, subsequently renamed *Stena Navigator*. This vessel was put into operation on the Stranraer-Belfast route in November 2009.

In December 2009, we exercised our option to acquire the RoPax vessel *Skåne*, operating on our Trelleborg-Rostock route.

Offshore Drilling

In December 2007, *Stena DrillMAX*, the first ultra-deepwater DrillMAX drillship, was delivered by SHI and commenced a four-year charter to Repsol.

In May 2008, we ordered a fourth "ice-classed" ultra-deepwater DrillMAX vessel, to be named *Stena DrillMAX ICE*, from SHI. The total investment is approximately $1.2 billion with delivery scheduled for in the first quarter of 2012.

In August 2008, *Stena Carron*, the second DrillMAX drillship, was delivered by SHI and commenced a five-year charter to Chevron.

In August 2009, *Stena Forth*, the third DrillMAX drillship, was delivered by SHI and commenced a five-year charter to Hess.

Crude oil and petroleum product transportation

In June 2007, we purchased two new-built 16,500 dwt Product tankers for an aggregate purchase price of $37.5 million. These vessels were delivered by Taizhou Maple Leaf Shipyard in Zhejiang, China, during the third quarter of 2007 and sold in November 2007 and January 2008, respectively, to a third party for $20 million each.

In 2007, we invested SEK 32 million in the shuttle tanker segment by acquiring a 50% share of *Navion Gothenburg*, a new-built Suezmax tanker converted into a shuttle tanker. The remaining 50% is owned by Teekay Corporation ("Teekay"). The vessel was delivered in July 2007 and was chartered out to Petrobras for a period of thirteen years.

In October 2007, we signed an agreement to acquire three medium range tankers, *Stena Italica* (subsequently renamed *Stena Concert*), *Stena Conqueror* and *Stena Conquest* that we already chartered from the seller. The aggregate purchase price for all three vessels was $151 million and the vessels were delivered in the first quarter of 2008.

In May 2008, we acquired an Aframax tanker, *Stena Confidence*. The vessel was sold in July 2008, realizing a net gain of SEK 167 million.

In September 2008, we acquired two 13,000 dwt product tankers for an aggregate purchase price of $56 million. In October 2009, the vessels were sold to a third party for an aggregate price of $57 million.

In October 2008, we acquired a 35% stake in the privately held Greek shipping company Paradise Tankers Holding Corp for $52 million. The acquisition provides us with full commercial control of three newly built Panamax tankers and two dry-cargo bulk carriers.

In December 2009, we ordered two Suezmaxes from SHI for an estimated aggregate investment of $140 million. The vessels are scheduled for delivery in the third and fourth quarters of 2011.

Roll-on/Roll-off Vessel Operations

In May 2007, we took delivery of the vessel *Stena Ausonia*, subsequently renamed *Borja*, from the Visentini shipyard in Italy on a three year charter. We have exercised an option to acquire this vessel at the end of the three year charter in May 2010 for € 45 million.

In August 2007, the vessel *Mont Ventoux* was sold to Stena Metall and chartered back for a period of ten years.

In March 2008, we sold the RoRo vessel *Stena Shipper* (subsequently renamed *Crowley Shipper*) for $11.5 million to a company in which we hold a 50% interest.

In December 2008, we acquired the vessel *Mont Ventoux* from Stena Metall.

In December 2008, *Stena Seatrader* (renamed *Seatrade*) was chartered to the Greek company Ventouris Ferries on a hire purchase basis.

In June 2009, we sold the HSS vessel *Stena Discovery*.

Real Estate

In July 2007, we invested € 100 million in a 7.07% share in the ING Dutch Office Fund, which owns a portfolio of prime office buildings in the Netherlands.

In 2007, we acquired properties for approximately SEK 455 million, mainly in Stockholm and Gothenburg. During the same period, properties were sold for SEK 343 million, with a net gain of SEK 97 million.

In 2008, we acquired properties for approximately SEK 1.1 billion. During the same period, properties were sold for SEK 851 million, with a net gain of SEK 169 million.

In 2008, we acquired a property in Hungary, which is a new country for our property investments.

In 2009, we acquired a company, which owned three office buildings in Houston, from Sessan for SEK 179 million.

In 2009, we acquired properties for approximately SEK 425 million. During the same period properties were sold for approximately SEK 214 million with a net gain of SEK 31 million.

New Businesses Adactum

In June 2007, we acquired a 45% share in the MediaTec Group ("MediaTec") for SEK 340 million. MediaTec is a group consisting of three leading Swedish companies in the media technology sector and is one of Europe's largest groups in this business.

In October 2007, we acquired a 10% share in SentoClone AB ("SentoClone") for SEK 55 million. In November 2008, we acquired an additional 9% of the shares for SEK 65 million. SentoClone is a life research company that focuses on developing and marketing a method for treating cancer based on the use of a patient's own immune systems.

In November 2007, we ordered 12 windmills through our subsidiary Stena Renewable AB ("Stena Renewable") for approximately SEK 340 million. The windmills commenced operation in the fourth quarter of 2008.

In May 2008, we launched a bid for the outstanding shares in the affiliated company Ballingslöv International AB (publ) ("Ballingslöv"). As a result, we increased our interest in Ballingslöv to 80.2% as of July 2008. Ballingslöv has been accounted for as a subsidiary from the third quarter of 2008.

In September 2008, we sold our stake in Gunnebo Industrier AB (publ), realizing a net gain of SEK 158 million.

In 2008, we wrote down the shares in the associated company Gunnebo AB (publ) ("Gunnebo") by SEK 140 million due to the decreased market value of the shares.

In October 2009, Gunnebo announced a guaranteed rights issue of approximately SEK 500 million which was completed in December 2009. We invested approximately SEK 130 million.

In October 2009, Midelfart Sonesson AB (publ) ("Midelfart Sonesson") announced a new share issue of SEK 127 million which was completed in December 2009. We invested approximately SEK 30 million.

Finance

In February, 2007, we completed an offering of € 300 million of our Senior Notes due 2017. We used a portion of the proceeds of the offering to repurchase approximately $177 million of our Senior Notes due 2012 and the remaining proceeds were used for general corporate purposes.

In February, 2007, we completed an offering of € 102 million of our Senior Notes due 2019. The proceeds were used for general corporate purposes.

In September, 2007, our unrestricted subsidiary Stena Royal entered into a new $350 million secured revolving credit facility with Svenska Handelsbanken AB (publ) and Nordea Bank Sweden AB (publ). The facility matures on September 28, 2012. The medium and long-term investment portfolios of Stena Royal are pledged as security for the facility. The facility includes a cross-default provision ($30 million threshold) with respect to debt of Stena AB, Stena Royal or any present or future subsidiary of Stena AB.

In 2007, we repurchased $4.2 million of our Senior Notes due 2013 and $78 million of our Senior Notes due 2016. The notes carry an interest rate of 7.5% and 7%, respectively. After these repurchases, we had outstanding $170.8 million of our Senior Notes due 2013 and $172 million of our Senior Notes due 2016.

In the first quarter of 2008, we repurchased $18 million of our Senior Notes due 2013 and $43 million of our Senior Notes due 2016. As of December 31, 2009, we had outstanding $153 million of our Senior Notes due 2013 and $129 million of our Senior Notes due 2016.

In early 2008, the financial leases for *Stena DrillMAX* and the RoPax vessels *Stena Trader* and *Stena Traveller* were terminated.

In December 2008, General Maritime Corporation ("General Maritime") and Arlington Tankers Ltd. ("Arlington Tankers"), in which Stena owned 1,252,988 shares, merged in a stock-for-stock combination. Shareholders of

General Maritime received 1.340 shares of the surviving company for each share of General Maritime held, and shareholders of Arlington Tankers received one share of the surviving company for each share of Arlington Tankers held. In December 2009, we completed the sale of our entire stake in General Maritime, which resulted in an aggregate loss of SEK 149 million.

In 2008, we acquired 11,191,939 shares (representing 3.7% of the voting rights) in Meda AB (publ.) ("Meda") for SEK 392 million. Stena Sessan AB had an option to acquire these shares at a minimum price of SEK 38.50 per share.

In 2008, we invested in the Weavering Capital Macro Fixed Income fund. On March 11, 2009, the British hedge fund company Weavering Capital UK decided to close its Macro Fixed Income fund due to liquidity problems. The auditing firm PricewaterhouseCoopers has been appointed as liquidators. We do not expect to be able to recoup this investment. Accordingly, our entire investment of $10 million was written down in March 2009.

In May 2009, we sold our shares in Meda for SEK 598 million. Sessan's option to acquire the shares was settled for a cash payment of SEK 165 million to Sessan.

In August 2009, the financial lease for *Stena Forth* was terminated.

Results of operations by business segment

	Year ended December 31,		
	2007	2008	2009
		(SEK millions)	
Business Segment Data			
Revenues:			
Ferry operations	9,868	10,309	9,599
Drilling	3,842	6,087	8,112
Shipping: Roll-on/Roll-off vessels	412	426	473
Crude oil tankers	3,264	3,547	2,401
Other shipping	154	198	214
Total Shipping	3,830	4,171	3,088
Property	1,989	2,085	2,335
New Businesses Adactum	2,118	3,694	4,797
Other	8	48	3
Total revenues	21,655	26,394	27,934
Other Income:			
Net gain on sale of assets	350	372	179
Net valuation of investment properties	397	(294)	(301)
Total Other Income	747	78	(122)
Total Income	22,402	26,472	27,812
Income (Loss) from Operations:			
Ferry operations	1,267	781	445
Impairment charges	—	(63)	—
Net gain on sale of vessels	146	—	—

	Year ended December 31,		
	2007	2008	2009
	(SEK millions)		
Total Ferry operations	1,413	718	445
Drilling	1,389	2,388	3,250
Net gain on sale of vessels	—	—	—
Total drilling	1,389	2,388	3,250
Shipping: Roll-on/Roll-off vessels	86	104	102
Net gain on sale of vessels	100	33	148
Total Roll-on/Roll-off vessels	186	137	250
Crude oil tankers	109	135	(736)
Impairment charges	—	(85)	(150)
Net gain on sale of vessels	7	170	—
Total crude oil tankers	116	220	(886)
Other shipping	(13)	16	7
Total Shipping	289	373	(629)
Property operations	1,041	1,163	1,338
Net valuation of investment properties	397	(294)	(301)
Net gain on sale of property	97	169	31
Total Property	1,535	1,038	1,068
New Businesses Adactum	108	107	178
Other	(274)	(252)	(310)
Total	4,460	4,372	4,002
Depreciation & Amortization:			
Ferry operations	1,007	1,064	1,119
Drilling	493	1,016	1,665
Shipping: Roll-on/Roll-off vessels	105	107	141
Crude oil tankers	18	167	247
Other shipping	14	13	12
Total Shipping	137	287	400
Property	—	—	2
New Businesses Adactum	39	125	219
Other	4	9	10
Total	1,680	2,501	3,415

Comparison of the twelve months ended December 31, 2009 to the twelve months ended December 31, 2008

Currency effects

Our revenues and expenses, reported in Swedish kronor, are significantly affected by fluctuations in currency exchange rates, primarily relative to the U.S. dollar, the British pound and the euro. We seek to mitigate the impact of potential adverse foreign currency exchange fluctuations by matching, to the extent possible, revenues and expenses in the same currency. In addition, we enter into certain derivative financial instruments. In the twelve months ended December 31, 2009, approximately 35% of our total revenues were generated in U.S. dollars and approximately 23% were generated in SEK.

In the twelve months ended December 31, 2009, approximately 29% of our total expenses were incurred in U.S. dollars and approximately 30% were incurred in SEK. The reported gross revenues and expenses were influenced by changes in the currency rates. The exchange rates as used for consolidation purposes are as follows:

Average rates:	**January-December 2008**	**January-December 2009**	**Change**
U.S. $	6.5808	7.6457	16%
British pound	12.0912	11.9260	(1)%
Euro	9.6055	10.6213	11%
Closing rates:	**As of December 31, 2008**	**As of December 31, 2009**	**Change**
U.S. $	7.8212	7.1553	(9)%
British pound	11.4303	11.5704	1%
Euro	10.9500	10.2506	(6)%

Revenues

Total revenues increased SEK 1,540 million, or 6%, in the twelve months ended December 31, 2009, to SEK 27,934 million from SEK 26,394 million in the twelve months ended December 31, 2008, as a result of increased revenues in the drilling, Roll-on/Roll-off vessels, property and new businesses, Adactum operations, together with the strengthening of the U.S. dollar and the euro against the SEK, partly offset by reduced revenues from the ferry and tanker operations.

Ferry operations. Ferry revenues are primarily generated from ticket sales, freight haulage and on board sales. Revenues from ferry operations decreased SEK 710 million, or 7%, in the twelve months ended December 31, 2009, to SEK 9,599 million from SEK 10,309 million in the twelve months ended December 31, 2008, mainly due to reduced revenues from the freight business due to lower volumes of freight units, partially offset by increased revenues from the travel business and onboard sales due to higher volumes of cars and passengers, together with the strengthening of the euro against the SEK.

Drilling. Drilling revenues consist of charter hires for our drilling units. Revenues from drilling operations increased SEK 2,025 million, or 33%, in the twelve months ended December 31, 2009, to SEK 8,112 million from SEK 6,087 million in the twelve months ended December 31, 2008, mainly due to operations of the second and third DrillMAX vessels, *Stena Carron* and *Stena Forth,* delivered in August 2008 and August 2009, respectively, a new contract at higher day rates for Stena Clyde and a planned off hire period for *Stena Spey* due to the five-year special periodic survey the first quarter 2008, together with the strengthening of the U.S. dollar against the SEK, partly offset by a planned off hire period for *Stena Tay* due to the five-year special periodic survey in the third and fourth quarter of 2009, together with the re-delivery of the bareboat chartered drilling unit *Songa Dee* to its owners Songa Offshore AS in March 2009. The change in day rates reflects new charter contracts and the market conditions in effect at the time a charter is made in the particular geographic area.

Shipping. Shipping revenues primarily represent charter hires for our owned and chartered in vessels and management fees for vessels we manage. Revenues from shipping operations decreased SEK 1,083 million, or

26%, in the twelve months ended December 31, 2009, to SEK 3,088 million from SEK 4,171 million in the twelve months ended December 31, 2008.

Revenues from crude oil tankers decreased SEK 1,146 million, or 32%, in the twelve months ended December 31, 2009, to SEK 2,401 million from SEK 3,547 million in the twelve months ended December 31, 2008, mainly due to lower charter rates in the spot market and a smaller fleet, offset in part by the strengthening of the U.S. dollar against the SEK. In the twelve months ended December 31, 2009, we operated an average of 32 tankers (chartered in or owned), compared to an average of 40 tankers in the twelve months ended December 31, 2008.

Revenues from chartering out Roll-on/Roll-off vessels increased SEK 47 million, or 11%, in the twelve months ended December 31, 2009, to SEK 473 million from SEK 426 million in the twelve months ended December 31, 2008, mainly due to the strengthening of the Euro against the SEK, partly offset by the sale of the RoRo vessel *Stena Shipper* in the first quarter of 2008.

Revenues from Other Shipping increased SEK 16 million, or 8%, in the twelve months ended December 31, 2009, to SEK 214 million from SEK 198 million in the twelve months ended December 31, 2008, mainly due to the strengthening of the U.S. Dollar against the GBP, partly offset by a one-time SEK 19 million payment received in 2008 in connection with a settlement of a patent dispute.

Property. Property revenues consist of rents for properties owned and management fees for properties we manage. Revenues from property operations increased SEK 250 million, or 12%, in the twelve months ended December 31, 2009, to SEK 2,335 million from SEK 2,085 million in the twelve months ended December 31, 2008, mainly due to increased rents, higher occupancy rates and an increased number of properties and, to a lesser extent, the strengthening of the euro against the SEK.

New Businesses Adactum. Adactum revenues consist of revenues from Adactum´s subsidiaries. Revenues from Adactum increased SEK 1,103 million, or 30%, in the twelve months ended December 31, 2009, to SEK 4,797 from SEK 3,694 million in the twelve months ended December 31, 2008, mainly due to the consolidation of Ballingslöv as of July 10, 2008, together with increased business activities in Blomsterlandet and Stena Renewable, partly offset by reduced revenues from Envac. Of the total revenues in the twelve months ended December 31, 2009, SEK 2,317 million related to Ballingslöv, SEK 1,076 million related to Blomsterlandet, SEK 1,328 million related to Envac and SEK 74 million related to Stena Renewable, as compared to SEK 1,285 million related to Ballingslöv, SEK 1,049 million related to Blomsterlandet, SEK 1,330 million related to Envac and SEK 30 million related to Stena Renewable in the twelve months ended December 31, 2008.

Other income

Net valuation on investment property. As a result of revaluation to fair value according to IAS 40 “Investment properties”, we had net losses of SEK (301) million for the twelve months ended December 31, 2009, as compared to net losses of SEK (294) million for the twelve months ended December 31, 2008, mainly due to a general decrease in investment property market values.

Net Gain on Sale of Assets

Net Gain on Sale of Vessels, Shipping. In the twelve months ended December 31, 2009, gains of SEK 148 million were recorded on the sales of the HSS vessel *Stena Discovery* and the RoPax vessel *Stena Transporter*. In the twelve months ended December 31, 2008, gains of SEK 203 million were recorded on the sale of a product tanker, sale of the product tanker *Stena Confidence* and the sale of the RoRo vessel *Stena Shipper.*

Net Gain on Sale of Properties. In the twelve months ended December 31, 2009, gains of SEK 31 million were recorded on the sale of properties. In the twelve months ended December 31, 2008, gains of SEK 169 million were recorded on the sale of properties.

Direct operating expenses

Total direct operating expenses increased SEK 509 million, or 3%, in the twelve months ended December 31, 2009, to SEK 17,188 million from SEK 16,679 million in the twelve months ended December 31, 2008, mainly as a result of increased operating expenses in the Drilling, Property and New Businesses Adactum operations, together with the strengthening of the U.S. dollar and the Euro against the SEK.

Ferry operations. Direct operating expenses for ferry operations consist principally of personnel costs, costs of goods sold on the vessels, bunker fuel costs, vessel charter costs, commissions, package tour costs and other related costs. A significant portion of these costs are of a fixed nature and do not vary as a result of changes in our seasonal requirements. Direct operating expenses for ferry operations decreased SEK 450 million, or 6%, in the twelve months ended December 31, 2009, to SEK 7,033 million from SEK 7,483 million in the twelve months ended December 31, 2008, mainly due to lower costs for products together with decreased expenses for bunker fuel and our cost saving projects, partly offset by the strengthening of the Euro against the SEK. Direct operating expenses for ferry operations for the twelve months ended December 31, 2009 were 73% of revenues, the same as for the twelve months ended December 31, 2008.

Drilling. Direct operating expenses for drilling consist primarily of personnel costs, fuel costs, insurance, maintenance and catering costs. Direct operating expenses for drilling operations increased SEK 464 million, or 21%, in the twelve months ended December 31, 2009, to SEK 2,722 million from SEK 2,258 million in the twelve months ended December 31, 2008. The increase is mainly due to costs related to the operation of the second and third DrillMAX vessels *Stena Carron* and *Stena Forth,* together with increased personnel expenses and costs for maintenance and repair, and the strengthening of the U.S. dollar against the SEK, partly offset by the re-delivery of the bareboat chartered drilling unit *Songa Dee* to its owner Songa Offshore AS in March 2009 and a planned off hire period for *Stena Tay*, together with positive operational exchange differences due to the strengthened U.S. dollar. Direct operating expenses from drilling operations for the twelve months ended December 31, 2009 were 34% of drilling revenues, as compared to 37% for the twelve months ended December 31, 2008.

Shipping. Direct operating expenses for shipping consist primarily of vessel charter costs, fuel costs, personnel costs, insurance and other related vessel costs. Direct operating expenses for shipping operations decreased SEK 205 million, or 6%, in the twelve months ended December 31, 2009, to SEK 3,124 million from SEK 3,329 million in the twelve months ended December 31, 2008.

Direct operating expenses associated with crude oil tankers decreased SEK 247 million, or 8%, in the twelve months ended December 31, 2009, to SEK 2,880 million from SEK 3,127 million in the twelve months ended December 31, 2008, mainly due to lower business activity and a reduced fleet, offset in part by the strengthening of the U.S. dollar against the SEK. Direct operating expenses for crude oil operations for the twelve months ended December 31, 2009 were 120% of revenues, as compared to 88% for the twelve months ended December 31, 2008. Direct operating expenses for crude oil tankers include time-charter costs, which normally are fixed for periods between 6 months and up to 5 years in advance, while revenues in the spot market vary with each voyage.

Direct operating expenses with respect to Roll-on/Roll-off vessels increased by SEK 8 million, or 4%, in the twelve months ended December 31, 2009, to SEK 190 million from SEK 182 million in the twelve months ended December 31, 2008, mainly due to the strengthening of the Euro against the SEK, offset by the purchase of the RoRo vessel *Mount Ventoux*, which earlier was chartered in from Stena Metall, together with the sale of the RoRo vessel *Stena Shipper* in the first quarter of 2008. Direct operating expenses for Roll-on/Roll-off vessels for the twelve months ended December 31, 2009 were 40% of revenues, as compared to 43% for the twelve months ended December 31, 2008.

Direct operating expenses with respect to Other Shipping increased SEK 34 million in the twelve months ended December 31, 2009, to SEK 54 million from SEK 20 million in the twelve months ended December 31, 2008, mainly due to the strengthening of the U.S. Dollar against the GBP, together with increased wage expense due to a larger workforce and other business in Northern Marine Management.

Property. Property expenses consist primarily of maintenance, heating and personnel costs. Direct operating expenses for property operations increased SEK 65 million, or 9%, in the twelve months ended December 31, 2009, to SEK 804 million from SEK 739 million in the twelve months ended December 31, 2008, mainly due to higher costs for maintenance and an increased number of properties. Direct operating expenses from property operations for the twelve months ended December 31, 2009 were 34% of property revenues, as compared to 35% for the twelve months ended December 31, 2008.

New Businesses Adactum. Direct operating expenses for Adactum consist of expenses from Adactum´s subsidiaries. Direct operating expenses for Adactum operations increased SEK 618 million, or 22%, in the twelve months ended December 31, 2009, to SEK 3,476 million from SEK 2,858 million in twelve months ended December 31, 2008, mainly due to the consolidation of Ballingslöv as of July 10, 2008. Of the total operating expenses in the twelve months ended December 31, 2009, SEK 1,517 million related to Ballingslöv, SEK 972 million related to Blomsterlandet, SEK 979 million related to Envac and SEK 11 million related to Stena Renewable, as compared to SEK 904 million related to Ballingslöv, SEK 977 million related to Blomsterlandet, SEK 975 million related to Envac and SEK 2 million related to Stena Renewable in the twelve months ended December 31, 2008. Direct operating expenses for Adactum operations for the twelve months ended

December 31, 2009, were 72% of revenues, as compared to 77% for the twelve months ended December 31, 2008.

Selling and administrative expenses

Selling and administrative expenses increased SEK 287 million, or 10%, in the twelve months ended December 31, 2009, to SEK 3,207 million from SEK 2,920 million in the twelve months ended December 31, 2008, mainly due to the consolidation of Ballingslöv as of July 10, 2008, together with the strengthening of the U.S. dollar and the euro against the SEK, partly offset by reduced personnel costs. Excluding Ballingslöv, selling and administrative expenses were unchanged in the twelve months ended December 31, 2009 as compared to the twelve months ended December 31, 2008. Total selling and administrative expenses in the twelve months ended December 31, 2009 were 12% of total revenues as compared to 11% in the twelve months ended December 31, 2008.

Depreciation and amortization

Depreciation and amortization charges increased SEK 914 million, or 37%, in the twelve months ended December 31, 2009, to SEK 3,415 million from SEK 2,501 million in the twelve months ended December 31, 2008, mainly as a result of depreciation charges for the second and third DrillMAX vessels *Stena Carron* and *Stena Forth,* the consolidation of Ballingslöv as of July 10, 2008, and to a lesser extent, depreciation charges related to other vessels and the start up of a new wind power park. The strengthening of the U.S. dollar with respect to the SEK, which impacted depreciation charges primarily on drilling units that are denominated in U.S. dollars, contributed to the increase in the depreciation and amortization charges. Depreciation and amortization charges in the twelve months ended December 31, 2009 also included impairment charges of SEK 150 million related to three medium range crude oil tankers. Depreciation and amortization charges in the twelve months ended December 31, 2008 also included impairment charges of SEK 85 million related to three medium range crude oil tankers and SEK 63 million related to one RoPax vessel.

Financial income and expense, net

Financial income and expense, net increased by SEK 1,336 million in the twelve months ended December 31, 2009, to SEK (1,658) million from SEK (2,994) million in the twelve months ended December 31, 2008.

Share of affiliated companies' results in the twelve months ended December 31, 2009 refers to our portion of the results of Midelfart Sonesson, Gunnebo and MediaTec. As of December 31, 2009, our interest in the capital of Midelfart Sonesson was 23.0%, our interest in the capital of Gunnebo was 25.7% and our interest in the capital of MediaTec was 42.7%. Share of affiliated companies' results in the twelve months ended December 31, 2008 refers to our portion of the results of Midelfart Sonesson, Gunnebo, MediaTec and Ballingslöv until it was accounted for as a subsidiary as of the third quarter of 2008. As of December 31, 2008, our interest in the capital of Midelfart Sonesson was 22.9%, our interest in the capital of Gunnebo was 25.3% and our interest in the capital of MediaTec was 42.7%.

Net gain (loss) on securities in the twelve months ended December 31, 2009 was SEK (81) million, of which SEK (701) million related to net realized losses on marketable securities and equity securities and investments in SPEs, SEK 510 million related to net unrealized gains on marketable securities and SEK 110 million related to the termination of the financial lease of *Stena Carron*. Net gain (loss) on securities in the twelve months ended December 31, 2008 was SEK (1,785) million, of which SEK (815) million related to net realized losses, SEK (1,995) million related to net unrealized losses and SEK 1,025 million related to the termination of the financial leases for *Stena DrillMAX* and the RoPax vessels *Stena Trader* and *Stena Traveller*.

Interest income decreased by SEK 272 million in the twelve months ended December 31, 2009, to SEK 685 million from SEK 957 million in the twelve months ended December 31, 2008. Interest income related to the investments in SPEs decreased by SEK 190 million to SEK 477 million from SEK 667 million partly due to lower investments in interest bearing assets.

Interest expense decreased SEK 396 million to SEK (1,864) million in the twelve months ended December 31, 2009, from SEK (2,260) million for the twelve months ended December 31, 2008. Interest expense for the investments in SPEs decreased SEK 151 million to SEK (214) million from SEK (365) million. Higher interest expenses for investments related to the delivery of the second and third DrillMAX drillships *Stena Carron* and *Stena Forth* were offset by a decline in interest expenses from valuation of interest rate swaps of SEK 192 million (compared to a decline of SEK 78 million for the twelve months ended December 31, 2008) and the weakening of the U.S. dollar against the SEK for the twelve months ended December 31, 2009.

During the twelve months ended December 31, 2009, we had foreign exchange losses, net of SEK (282) million. During the twelve months ended December 31, 2008, we had foreign exchange gains, net of SEK 582 million.

Other financial income (expense) of SEK (201) million for the twelve months ended December 31, 2009 includes SEK (67) million related to amortization of the deferred financing charges for our Senior Notes, revolving credit facilities, bank loans, capital lease obligations and investments in SPEs and a loss of SEK (163) million related to bunker hedges. Other financial income (expense) of SEK (693) million for the twelve months ended December 31, 2008 included SEK (84) million related to amortization of the deferred financing charges for our Senior Notes, revolving credit facilities, bank loans, capital lease obligations and investments in SPEs and SEK (524) million related to the bunker hedges.

Income taxes

Income taxes for the twelve months ended December 31, 2009 were SEK 20 million, consisting of current taxes of SEK (210) million and deferred taxes of SEK 230 million. Income taxes for the twelve months ended December 31, 2008, were SEK 367 million (tax benefit), consisting of current taxes of SEK (253) million and deferred taxes of SEK 620 million. The provision for taxes is based upon the applicable tax rates in the various jurisdictions where revenues are generated.

Comparison of the year ended December 31, 2008 to the year ended December 31, 2007

Currency effects

Our revenues and expenses, reported in Swedish kronor, are significantly affected by fluctuations in currency exchange rates, primarily relative to the U.S. dollar, the British pound and the euro. We seek to mitigate the impact of potential adverse foreign currency exchange fluctuations by matching, to the extent possible, revenue and expenses in the same currency. In addition, we enter into certain derivative financial instruments. Approximately 32% of our total revenues are generated in U.S. dollars and approximately 23% are generated in SEK. Approximately 31% of our total expenses are incurred in U.S. dollars and approximately 30% are incurred in SEK. Although we seek to hedge the net effects of fluctuations, the reported gross revenues and expenses are influenced by changes in currency exchange rates. The exchange rates as used for consolidation purposes are as follows:

Average rates	January-December 2007	January-December 2008	Change
U.S. $	6.7607	6.5808	(3)%
British pounds	13.5281	12.0912	(11)%
Euro	9.2481	9.6055	4%

Closing rates	December 31, 2007	December 31, 2008	Change
U.S. $	6.4342	7.8212	22%
British pounds	12.8146	11.4303	(11)%
Euro	9.4508	10.9500	16%

Revenues

Total revenues from operations increased SEK 4,739 million, or 22%, in the year ended December 31, 2008, to SEK 26,394 million from SEK 21,655 million in the year ended December 31, 2007, as a result of increased operating revenues in all business segments, partly offset by the weakening of the British pound against the SEK.

Ferry operations. Ferry revenues are primarily generated from ticket sales, freight haulage and on board spending. Revenues from ferry operations increased SEK 441 million, or 4%, in the year ended December 31, 2008, to SEK 10,309 million from SEK 9,868 million in the year ended December 31, 2007, mainly due to higher revenues from the freight and travel business due to higher ticket and freight prices, partly offset by the weakening of the British pound against the SEK, together with decreased revenues from onboard sales due to lower volumes of passengers.

Offshore Drilling. Drilling revenues consist of charter hires for our drilling rigs. Revenues from drilling operations increased SEK 2,245 million, or 58%, in the year ended December 31, 2008, to SEK 6,087 million from SEK 3,842 million in the year ended December 31, 2007, mainly due to the commencement of operations for the first and second DrillMAX vessels delivered, *Stena DrillMAX* and *Stena Carron,* together with a new contract at higher day rates for the *Stena Spey*, partly offset by an offhire period for the *Stena Spey* in the first quarter 2008. The change in day rates reflects new charter contracts and the market conditions in effect at the time a charter is made in the particular geographic area.

Shipping. Shipping revenues primarily represent charter hires for our owned and chartered in vessels and management fees for vessels managed by the Company. Revenues from shipping operations increased SEK 341 million, or 9%, in the year ended December 31, 2008, to SEK 4,171 million from SEK 3,830 million in the year ended December 31, 2007.

Revenues from crude oil tankers increased SEK 283 million, or 9%, in the year ended December 31, 2008, to SEK 3,547 million from SEK 3,264 million in the year ended December 31, 2007, mainly due to higher charter rates in the spot market, partly offset by the weakening of the U.S. dollar with respect to the SEK. In the year ended December 31, 2008, we operated an average of 40 tankers (chartered in or owned), compared to 41 tankers (chartered in or owned) in the year ended December 31, 2007.

Revenues from chartering out Roll-on/Roll-off vessels increased SEK 14 million, or 3%, in the year ended December 31, 2008, to SEK 426 million from SEK 412 million in the year ended December 31, 2007, mainly due to the delivery of the new built RoPax vessel *Borja* in May 2007, partly offset by the sale of the RoRo vessel *Stena Shipper* in the first quarter of 2008.

Property. Property revenues consist of rents for properties owned and management fees for properties managed by the Company. Revenues from property operations increased SEK 96 million, or 5%, in the year ended December 31, 2008, to SEK 2,085 million from SEK 1,989 million in the year ended December 31, 2007, mainly related to changes in the portfolio of properties and higher rents.

New Businesses Adactum. Adactum revenues consist of revenues from Adactum's subsidiaries. Revenues from Adactum increased SEK 1,576 million, or 74%, in the year ended December 31, 2008, to SEK 3,694 million from SEK 2,118 million, in the year ended December 31, 2007, mainly due to the consolidation of Ballingslöv as of July 10, 2008, together with increased business activity in all other subsidiaries. Of the total revenues in the year ended December 31, 2008, SEK 1,285 million were related to Ballingslöv, SEK 1,049 million to Blomsterlandet, SEK 1,330 million to Envac and SEK 30 million to Stena Renewable as compared to SEK 961 million related to Blomsterlandet, SEK 1,137 million related to Envac and SEK 17 million related to Stena Renewable in the year ended December 31, 2007.

Other income

Net valuation on investment property. As a result of revaluation to fair value according to IAS 40 "Investment properties", we had net losses of SEK 294 million in the year ended December 31, 2008, as compared to SEK net gains of SEK 397 million for year ended December 31, 2007, mainly due to increased maintenance and sales and purchases of new properties and a general decrease in investment property market values.

Net gain/loss on sale of assets

Net Gain on Sale of Vessels, Ferry Operations. In the year ended December 31, 2008, no vessel sales were made. In the year ended December 31, 2007, gains of SEK 146 million were recorded on the sale of the vessels *Stena Carrier* and *Stena Searider*.

Net Gain on Sale of Vessels, Shipping. In the year ended December 31, 2008, gains of SEK 203 million were recorded on the sale of a product tanker, the sale of *Stena Confidence* and the sale of the RoRo vessel *Stena Shipper.* In the year ended December 31, 2007, gains of SEK 107 million were recorded on the sale of the RoRo vessel *Mont Ventoux* and on the sale of one of two newbuilt product tankers, delivered from a shipbuilder in China.

Net Gain on Sale of Properties. In the year ended December 31, 2008, gains of SEK 169 million were recorded on the sale of properties. In the year ended December 31, 2007, gains of SEK 97 million were recorded on the sale of properties.

Direct operating expenses

Total direct operating expenses increased SEK 2,594 million, or 18%, in the year ended December 31, 2008, to SEK 16,679 million from SEK 14,085 million in the year ended December 31, 2007, mainly as a result of increased operating expenses in all operations except for shipping operations and the property business.

Ferry operations. Direct operating expenses for ferry operations consist principally of personnel costs, costs of goods sold on the vessels, fuel costs, vessel charter costs, commissions, package tour costs and other related costs. A significant portion of these costs are of a fixed nature and do not vary as a result of changes in our seasonal requirements. Direct operating expenses for ferry operations increased SEK 860 million, or 13%, in the year ended December 31, 2008, to SEK 7,483 million from SEK 6,623 million in the year ended December 31, 2007, mainly due to increased expenses for bunker, personnel and port operations. Direct operating expenses for ferry operations for the year ended December 31, 2008, was 73% of revenues, as compared to 67% for the year ended December 31, 2007.

Offshore Drilling. Direct operating expenses for drilling consist primarily of personnel costs, fuel costs, insurance, maintenance and catering costs. Direct operating expenses from drilling operations increased SEK 529 million, or 31%, in the year ended December 31, 2008, to SEK 2,258 million from SEK 1,729 million in the year ended December 31, 2007. The increase is mainly due to costs related to the operation of the first two DrillMAX vessels *Stena DrillMAX* and *Stena Carron,* together with increased personnel expenses and costs for maintenance and repair for the rigs. Direct operating expenses from drilling operations for the year ended December 31, 2008, were 37% of drilling revenues as compared to 45% for the year ended December 31, 2007.

Shipping. Direct operating expenses for shipping consist primarily of vessel charter costs, fuel costs, personnel costs, insurance and other related vessel costs. Direct operating expenses from shipping operations increased SEK 155 million, or 5%, in the year ended December 31, 2008, to SEK 3,329 million from SEK 3,174 million in the year ended December 31, 2007.

Direct operating expenses associated with crude oil tankers increased SEK 147 million, or 5%, in the year ended December 31, 2008, to SEK 3,127 million from SEK 2,980 million in the year ended December 31, 2007, mainly due to increased expenses resulting from higher market rates for chartered in vessels and bunker fuel costs. Direct operating expenses for crude oil operations for the year ended December 31, 2008, were 88% of revenues, as compared to 91% for the year ended December 31, 2007. Direct operating expenses for crude oil tankers include time-charter costs, which are fixed for periods between 6 months and up to 10 years in advance, while revenues in the spot market vary with each voyage.

Direct operating expenses with respect to Roll-on/Roll-off vessels decreased SEK 5 million, or 3%, in the year ended December 31, 2008, to SEK 182 million from SEK 187 million in the year ended December 31, 2007, mainly due to the sale of the RoRo vessel *Stena Shipper* in the first quarter of 2008, offset by the delivery of the newbuilt RoPax vessel *BORJA* in May 2007 and charter hire costs for the RoRo vessel *Mont Ventoux*, which was sold and chartered back in August 2007. Direct operating expenses for Roll-on/Roll-off vessels for the year ended December 31, 2008, were 43% of revenues as compared to 45% for the year ended December 31, 2007.

Property. Property expenses consist primarily of maintenance, heating and personnel costs. Direct operating expenses from property operations decreased SEK 45 million or 6% in the year ended December 31, 2008, to SEK 739 million from SEK 784 million in the year ended December 31, 2007, mainly related to increased planned maintenance, activated to the balance sheet according to IFRS standards, which results in reduced operating expenses, partly offset by increased extra single maintenance costs during 2008 of SEK 50 million. Total direct operating expenses from property operations in the year ended December 31, 2008, were 35% of property revenues, as compared to 39% for the year ended December 31, 2007.

New Businesses Adactum. Direct operating expenses for Adactum consist of expenses from Adactum’s subsidiaries. Direct operating expenses from Adactum operations increased SEK 1,102 million, or 63%, in the year ended December 31, 2008, to SEK 2,858 million from SEK 1,756 million in the year ended December 31, 2007, mainly due to the consolidation of Ballingslöv as of July 10, 2008, together with increased business activity in all subsidiaries. Of the total operating expenses in the year ended December 31, 2008, SEK 904 million were related to Ballingslöv, SEK 977 million to Blomsterlandet, SEK 975 million to Envac and SEK 2 million to Stena Renewable as compared to SEK 874 million related to Blomsterlandet, SEK 872 million to Envac and SEK 1 million to Stena Renewable in the year ended December 31, 2007. Direct operating expenses for Adactum operations for the year ended December 31, 2008, were 77% of revenues, as compared to 83% for the year ended December 31, 2007.

Selling and administrative expenses

Selling and administrative expenses increased SEK 742 million, or 34%, in the year ended December 31, 2008, to SEK 2,920 million from SEK 2,178 million in the year ended December 31, 2007, mainly due to the consolidation of Ballingslöv as of July 10, 2008, together with increased personnel and consultancy costs and higher costs for advertising. Excluding Ballingslöv, selling and administrative expenses increased 19% in the year ended December 31, 2008. Total selling and administrative expenses in the year ended December 31, 2008, were 11% of total revenues, as compared to 10% for the year ended December 31, 2007.

Depreciation and amortization

Depreciation and amortization charges increased SEK 821 million, or 49%, in the year ended December 31, 2008, to SEK 2,501 million from SEK 1,680 million in the year ended December 31, 2007, mainly due to depreciation charges for the two first delivered DrillMAX vessels *Stena DrillMAX* and *Stena Carron*, together with other new vessels delivered and the consolidation of Ballingslöv as of July 10, 2008. The weakening of the U.S. dollar against the SEK, which primarily impacted depreciation charges on drilling rigs, which are denominated in U.S. dollars, partly offset the increase in depreciation and amortization charges.

Share of associated companies' results

Share of associated companies' results in the year ended December 31, 2008, refer to our portion of the results of Midelfart Sonesson AB (publ), Gunnebo AB (publ), MediaTec and Ballingslöv until it was accounted for as a subsidiary as of the third quarter of 2008. Share of associated companies' results in the year ended December 31, 2007, refer to our portion of the results of Midelfart Sonesson AB (publ), Ballingslöv, Gunnebo AB (publ) and MediaTec. As of December 31, 2008, our ownership of Midelfart Sonesson AB (publ) was 22.9%. As of December 31, 2007, our ownership of Midelfart Sonesson AB (publ) was 22.4% and the ownership in Ballingslöv was 28.6%. In the year ended December 31, 2008, Adactum increased its ownership in the listed company Gunnebo AB (publ) to 25.3%. In the year ended December 31, 2007, Adactum ownership in Gunnebo AB (publ) was 24.9%.

In June 2007, Adactum acquired a 45% interest in MediaTec for a total investment of SEK 338 million. In the year ended December 31, 2008, its ownership decreased to 42.8%.

Financial income and expense, net

Financial income and expense, net decreased by SEK 2,976 million in the year ended December 31, 2008, to SEK (2,914) million from SEK 62 million in the year ended December 31, 2007.

Net gain (loss) on securities in the year ended December 31, 2008, was SEK (1,785) million, of which SEK (815) million related to realized losses on marketable debt and equity securities, SEK (1,995) million related to unrealized gains and losses and SEK 1,025 million related to the termination of the financial leases for *Stena DrillMAX* and the RoPax vessels *Stena Trader* and *Stena Traveller.* Net gain (loss) on securities in the year ended December 31, 2007, was SEK 950 million, of which SEK 656 million related to realized gains on marketable debt and equity securities and SEK 294 million related to unrealized gains and losses.

Interest income in the year ended December 31, 2008, increased SEK 38 million to SEK 957 million from SEK 919 million in the year ended December 31, 2007.

Interest expense for the year ended December 31, 2008, increased SEK 521 million to SEK (2,260) million from SEK (1,739) million for the year ended December 31, 2007. This includes interest expense for the debt in SPEs, which decreased SEK (51) million to SEK (365) million from SEK (416) million, partly as a result of the investment in the SPEs. Other interest expense increased SEK 572 million to SEK (1,895) million from SEK (1,323) million, due to increased financing of investments.

During the year ended December 31, 2008, foreign exchange gains (losses), net amounted to SEK 582 million, of which gains of SEK 340 million were derived from currency trading and gains of SEK 242 million from translation differences. In the year ended December 31, 2007, foreign exchange gains (losses), net amounted to SEK (49) million, of which gains of SEK 34 million were derived from currency trading and losses of SEK (83) million from translation differences.

Other financial income (expense) of SEK (693) million for the year ended December 31, 2008, includes expenses of SEK (84) million related to amortization of the deferred financing charges for our Senior Notes, the $1 billion revolving credit facility, bank loans, capital lease obligations and investments in SPEs and SEK (524) million related to bunker hedges. Other financial income (expense) of SEK (230) million for the year ended December 31, 2007, includes expenses of SEK (97) million for the repurchase of the Senior Notes due 2012 and SEK (59) million related to amortization of the deferred financing charges for our Senior Notes, the $1 billion revolving credit facility, bank loans, capital lease obligations and investments in SPEs.

Income taxes

Income taxes for the year ended December 31, 2008, were SEK 367 million (tax benefit), consisting of current taxes of SEK (253) million and deferred taxes of SEK 620 million. The effective tax rate in 2008 was approximately (27)%. Income taxes for the year ended December 31, 2007, were SEK (632) million (tax expense), consisting of current taxes of SEK (151) million and deferred taxes of SEK (481) million. The effective tax rate in 2007 was approximately 14%. The provision for taxes is based upon the applicable tax rates in the various jurisdictions where revenues are generated.

Liquidity and capital resources

Our liquidity requirements principally relate to servicing of debt, financing the purchase of vessels and other assets and funding of working capital. In prior years, we met our liquidity requirements with cash on hand, cash flows from operations, borrowings under various credit facilities and other financing and refinancing arrangements.

As of December 31, 2009, we had total cash and marketable securities of SEK 7,088 million as compared with SEK 9,174 million as of December 31, 2008.

For the twelve months ended December 31, 2009, cash flows provided by operating activities amounted to SEK 7,084 million as compared to SEK 5,381 million in the twelve months ended December 31, 2008. For the twelve months ended December 31, 2009, cash flows used in investing activities amounted to SEK (6,456) million, including SEK (9,169) million related to capital expenditures. For the twelve months ended December 31, 2008, cash flows used in investing activities amounted to SEK (7,397) million, including SEK (9,642) million related to capital expenditures. For the twelve months ended December 31, 2009, cash flows used in financing activities amounted to SEK (907) million. For the twelve months ended December 31, 2008, cash flows provided by financing activities amounted to SEK 2,714 million.

Total interest bearing debt as of December 31, 2009, was SEK 41,898 million, excluding debt in SPEs, as compared with SEK 45,490 million as of December 31, 2008. Interest bearing debt in SPEs as of December 31, 2009, was SEK 8,249 million as compared with SEK 9,492 million as of December 31, 2008. As of December 31, 2009, $168 million was utilized under the $1 billion revolving credit facility, of which $24 million was used for issuing bank guarantees and letters of credit. As of December 31, 2008, a total of $676 million was utilized under this facility, of which $18 million was used for the issuing of bank guarantees and letters of credit. There were no amounts outstanding under the $350 million revolving credit facility entered into by Stena Royal S.à r.l. (“Stena Royal”), a subsidiary in the unrestricted group, as of December 31, 2009 as compared with $90 million outstanding as of December 31, 2008. In June 2009, Adactum entered into a revolving credit facility of SEK 450 million. As of December 31, 2009 the utilized portion of this facility was SEK 200 million.

We believe that, based on current levels of operating performance and anticipated market conditions, cash flow from operations, together with other available sources of funds, including refinancings, will be adequate to make required payments of principal and interest on outstanding debt, to permit proposed capital expenditures, including newbuildings, other vessel acquisitions, and our commitment with respect to the Loch Ryan facility, and to fund anticipated working capital requirements.

Construction in Progress

Total construction in progress, which includes a DrillMAX drillship and other vessels on order as of December 31, 2009, was SEK 5,649 million as compared to SEK 7,555 million as of December 31, 2008. The remaining capital expenditure commitment for newbuildings on order as of December 31, 2009, was SEK 8,714 million, of which SEK 4,245 million is due during 2010 and SEK 4,469 million is due during 2011. Financing for approximately 75% of this unpaid balance has already been arranged. We plan to finance the remainder of this unpaid balance, together with additional expenses and financing costs, through cash from operations, existing revolving credit facilities, new capital lease agreements, new bank loans or other financing arrangements.

Long-Term Financial Obligations and Other Contractual Obligations

Our long-term financial obligations as of December 31, 2009, were as follows:

(SEK million)	Total	Less than one year	1-2 years	3-5 years	More than 5 years	Not specified
	Payments due by period					
Property loans	13,741	298	1,031	889	11,523	
Other bank loans	17,813	939	3,424	2,109	11,341	
Revolving credit facility	1,033					1,033
Other credit facilities	439	304				135
Senior Notes	6,147			1,100	5,047	
Capital leases	2,043	135	181	204	1,523	
Other interest bearing debt	682	682				
Operating leases	7,037	1,751	1,541	1,036	2,709	
Trade accounts payable	1,311	1,311				
Total	50,246	5,420	6,177	5,338	32,143	1,168

Off Balance Sheet Arrangements

One of our subsidiaries and TeeKay have each guaranteed the performance of the obligations of one of the Stena/TeeKay joint ventures under a charter agreement with Esso Norway. Our liability under this guarantee is limited to 50% of any claim caused by the non-performance of the joint venture. We and TeeKay have also guaranteed the repayment by the other Stena/TeeKay joint ventures of loans from a group of banks. Our liability under these loans is limited to 50% of the amount outstanding under the loan agreements, including interest, charges, expenses and damages. As of December 31, 2009, the outstanding total loan amounts were $101 million.

Application of Critical Accounting Policies

Our financial reporting up to 2007 was prepared in accordance with generally accepted accounting principles in Sweden (Swedish GAAP). Effective from January 1, 2008, Stena prepares the financial reports in accordance with IFRS and IFRIC, as issued by IASB.

The change of accounting standards also includes a change of one comparative year meaning that opening balance in accordance with IFRS is January 1, 2007.

The preparation of our consolidated financial statements requires the use of estimates, judgments and assumptions that affect the reported amounts of assets, liabilities and provisions at the date of the financial statements and the reported amounts of sales and expenses during the periods presented. The accounting principles applied by us that are deemed to be critical are discussed below.

Vessels lives. Our vessels represent our most significant assets, together with our investment properties, and we state them at cost less accumulated depreciation. Depreciation of vessels, which includes depreciation of vessels under capital leases, is computed using the straight-line method over estimated service lives of 10 to 25 years. Significant vessel improvement costs are capitalized as additions to the vessel rather than being expensed as a repair and maintenance activity. Should certain factors or circumstances cause us to revise our estimate of vessel service lives, depreciation expense could be materially lower or higher. If circumstances cause us to change our assumptions in making determinations as to whether vessel improvements should be capitalized, the amounts we expense each year as repairs and maintenance costs could increase, partially offset by a decrease in depreciation expense.

Investment properties. Our investment properties, that is properties held in order to generate rental income or increase in value or a combination of these, are valued continuously at fair value (estimated market value). These properties are initially valued at acquisition cost. Fair value is based on the estimated market value on balance sheet date, which means the value at which a property could be transferred between well-informed parties that are independent of each other and that have an interest in the transaction being carried out. Changes in fair value are reported in the income statement, with an impact on changes in value of properties.

Impairment of Goodwill. Goodwill is comprised of the amount by which the acquisition cost exceeds the fair value of the Group's portion of the acquired subsidiary's identifiable net assets at acquisition date. Goodwill is tested annually for impairment and is recognised at acquisition cost less accumulated impairment losses. Goodwill is allocated to cash generating units during impairment testing. This allocation refers to those cash generating units, determined in accordance with the Group's operating segments, which are expected to benefit by the business combination in which the goodwill item arose.

Impairment of non-financial assets. We review long lived assets used in our business and investments in affiliated companies on an annual basis for impairment, or whenever events or changes in circumstances indicate that the carrying amount of an asset or a group of assets may not be recoverable. An impaired asset is written down to its estimated fair value if the decline is deemed to be permanent. We estimate fair value based on independent appraisals, sales price negotiations, active markets, if available, and projected future cash flows discounted at a rate determined by management to be commensurate with our business risk. The estimation of fair value using these methods is subject to numerous uncertainties, which require our significant judgment when making assumptions of revenues, operating costs, selling and administrative expenses, interest rates and general economic business conditions, among other factors.

Derivative instruments and hedging measures. We apply hedge accounting to reduce the risks associated with the volatility of the reported result which would, otherwise, arise as a consequence of the valuation of the derivative at fair value, while the hedged item, in normal cases, has yet to be recognized in the balance sheet (cash flow hedges) or recognized in the balance sheet at amortized cost.

All derivatives that do not meet the hedging criteria are marked to fair market values that are generally determined based on quoted market prices or market quotes for the same or similar financial instruments.

Impairment of financial assets. We make an assessment on each balance sheet date regarding whether there exists any objective evidence that a write-down requirement has arisen for a financial asset or a group of financial assets. As regards shares classified as available-for-sale assets, any significant or extended decline in the fair value of a share to a level below its acquisition value is regarded as an indication that a write-down requirement exists. If such evidence is present for available-for-sale financial assets, the accumulated loss—calculated as the difference between acquisition cost and current fair value, less any previous impairment charges reported in the income statement—is subtracted from equity and reported in the income statement. Impairment of equity instruments, which is reported in the income statement, is not reversed in the income statement.

Accounting policies

Except as described below, the accounting policies applied are consistent with those applied to the annual financial statements for the year ended December 31, 2008, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following revised standard is mandatory for the first time for the financial year beginning January 1, 2009.

- IAS 1 (revised), "Presentation of financial statements". The revised standard prohibits the presentation of items of income and expenses (that is "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity. All "non-owner changes in equity" are required to be shown in a performance statement.

Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

We have elected to present two statements: an income statement and a statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.

Other new statements with implementation beginning in 2009 have either been implemented prior to 2009 or have no effect on the consolidated financial reports of Stena AB.

IFRS that have been issued but are not yet effective

The following standards and amendments to existing standards have been published and are mandatory for the group's accounting periods beginning on or after January 1, 2010 or later periods, but the group has not early adopted them:

- IFRIC 17, 'Distribution of non-cash assets to owners' (effective on or after July 1, 2009). The interpretation is part of the IASB's annual improvements project published in April 2009. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. The group and company will apply IFRIC 17 from January 1, 2010. It is not expected to have a material impact on the group's or the Company's financial statements.

- IAS 27 (revised), 'Consolidated and separate financial statements, (effective from July 1, 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognized in profit or loss. The group will apply IAS 27 (revised) prospectively to transactions with non-controlling interests from January 1, 2010.
- IFRS 3 (revised), 'Business combinations' (effective from July 1, 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The group will apply IFRS 3 (revised) prospectively to all business combinations from January 1, 2010.
- IAS 38 (amendment), 'Intangible Assets'. The amendment is part of the IASB's annual improvements project published in April 2009 and the group and company will apply IAS 38 (amendment) from the date IFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in a material impact on the group's or the Company's financial statements.
- IFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held-for-sale'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirements of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The group and company will apply IFRS 5 (amendment) from January 1, 2010. It is not expected to have a material impact on the group's or the Company's financial statements.
- IAS 1 (amendment), 'Presentation of financial statements'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The group and company will apply IAS 1 (amendment) from January 1, 2010. It is not expected to have a material impact on the group's or the Company's financial statements.

Quantitative and qualitative disclosures about market risk

In the course of our operations, we are exposed to various types of market risks. Our primary market risks are foreign exchange risks, interest rate risks, oil price risks, equity price risks and trading risks. We seek to manage our exposure to adverse changes in foreign currency exchange rates, interest rates and oil prices through the use of various derivative financial instruments. We conduct monitoring and control of these risks continuously in each company as well as centrally. Our positions are monitored using a variety of techniques, such as market value and sensitivity analyses. The majority of our financial transactions are carried out through the central finance functions located in Sweden, Luxembourg, Switzerland and the Netherlands, which conduct their operations within established risk mandates and limits.

Foreign Exchange Risks

We are exposed to the risk of fluctuations in foreign currency exchange rates due to the international nature and scope of our operations. Our currency risk is related to changes in contracted and projected flows of payments denominated in currencies other than the functional currency (transaction exposure), to the translation of our monetary assets and liabilities that are denominated in such currencies (translation exposure), to the translation of net assets of foreign subsidiaries (equity exposure) and financial trading activities. The objective of our foreign exchange risk management program is to seek to manage the risk of adverse foreign exchange movements on our income and financial position.

Transaction Exposure

Our revenues and expenses, as reported in Swedish kronor, are significantly affected by fluctuations in euro and the Norwegian kronor. When the Swedish kronor appreciates against other currencies, our revenues and expenses as reported in Swedish kronor may decrease and when the Swedish kronor declines against other currencies, our revenues and expenses as reported in Swedish kronor may increase. Future changes in exchange rates may also impact our reported revenues and expenses.

We use forward exchange contracts to seek to hedge against the risk of adverse movements in currency exchange rates of future payment flows from firm commitments such as bunker fuel purchases. Contracts related to hedging of anticipated sales and purchases of foreign currency normally do not exceed 12 months.

Translation Exposure

Our policy is to hedge our translation exposure risk primarily on our net exposures by currency. Our management regularly reviews our assets and liabilities that are denominated in foreign currency and determines the net amount that is subject to risk of adverse foreign currency fluctuations.

We seek to manage our exposure from the risk of adverse foreign currency fluctuations arising from certain assets and liabilities denominated in foreign currencies. Group companies operate in local currencies or in U.S. dollars. Our financial exposure is managed through us generally maintaining loans and investments in the same currency. In companies with loans and investments in foreign currencies, hedging is carried out in accordance with our financial policy. We primarily use forward exchange contracts and currency swaps and, to a lesser extent, purchased foreign currency options to manage our foreign currency translation exposure.

After taking into account hedging instruments as above, we recorded net translation exchange gains/(losses) of SEK 241 million and SEK (313) million for the financial years ended December 31, 2008 and 2009, respectively. This equals 0.25% and (0.34%) of total assets of SEK 97.4 billion and SEK 92.2 billion as of December 31, 2008 and 2009, respectively.

Equity Exposure

When we prepare our consolidated financial statements, the net assets of our foreign subsidiaries and part of our affiliated companies are translated to Swedish kronor at the exchange rate in effect on the date of the balance sheet. To the extent that the currency exposure from the net assets of certain foreign subsidiaries is hedged, we use foreign exchange contracts. We record translation differences arising from net assets of foreign subsidiaries directly to stockholders' equity.

The book value of our net assets of subsidiaries denominated in a foreign currency, as of December 31, 2008 and 2009, was approximately SEK 18.6 billion and SEK 18.1 billion, respectively. The net assets are expressed mainly in Swedish kronor, Euro, British pounds and U.S. dollars. A 1% change in the value of the Swedish kronor against each of the functional currencies of our such subsidiaries would affect our shareholders' equity as of December 31, 2009 by SEK 180 million. In 2009, our shareholders' equity decreased by SEK (2.1) billion due to exchange rate differences and after net impact of equity hedge adjustments (see also our Consolidated Statement of Changes in Shareholders' Equity).

Bunker Fuel Exposure

Our expenses are also significantly affected by fluctuations in the price of bunker fuel oil used for propulsion, primarily in our ferry operations.

We use fixed price swaps and, to a lesser extent, option contracts to seek to hedge against the risk of adverse movements in the price of oil. Contracts related to hedging of bunker fuels normally extend to 12 to 24 months but can be for terms of up to three years based on management's assessment of acceptable risk levels and future oil prices (see also Note 33 in our Consolidated Financial Statements).

Financial Trading Activities

We also from time to time buy and sell certain types of derivative financial instruments with the objective of generating profits based on short-term differences in price. We refer to such financial instruments that are not used in our program of interest rate and foreign currency risk management as 'trading' for purposes of this offering memorandum. All trading instruments are subject to market risk; that is, the risk that future changes in market conditions may make an instrument less valuable. We are a party to a variety of interest rate and foreign currency contracts in our trading activities.

We recorded net gains from currency and interest rate trading activities of SEK 92 million and SEK 49 million for the financial years ended December 31, 2008 and 2009, respectively.

Interest Rate Risks

We use several types of financial instruments to seek to manage our interest rate risk, such as interest rate swaps, futures, options and collars. The extent of our use of these financial instruments is determined by reference to the net exposure of our debt that is subject to interest rate risk and management's views regarding future interest rates. We use such financial instruments to seek to achieve a desired interest rate on our interest-bearing liabilities. For example, all our interest rate swaps convert floating rate debt to a fixed rate of interest, and for those instruments changes in interest rates may affect the value of the interest rate swaps. However, interest expense in our income statement is recorded at the fixed interest rate swap agreement and, accordingly, is not affected by the change in interest rates.

At the end of 2009, our interest-bearing assets, consisting mainly of cash and cash equivalents and marketable securities, were to a large extent invested in interest-bearing securities with short maturities. Before any effects of hedging contracts, our interest bearing debt consisted of approximately 40% floating rate borrowings, 15% fixed rate borrowings and 45% fixed rate bond loans and other property loans. The floating rate borrowings are normally fixed for a period of three to six months. A number of financial instruments were in place as of December 31, 2009, to manage these interest rate risks, including interest rate swaps to effectively convert floating rate borrowings to fixed rate borrowings.

Equity Price Risk

At December 31, 2009, the fair value of our marketable securities and short-term investments (excluding restricted cash) amounted to SEK 2.6 billion. The potential change in fair value resulting from a hypothetical 1% change of prices would be SEK 26 million. Under IFRS, movements in fair value of these investments will result in an immediate change to our financial statements.

Business

Overview

Stena AB is one of the largest privately held companies in Sweden. We own and operate one of the world's largest international passenger and freight ferry services and own, charter in and out, and operate drilling rigs, crude oil and petroleum product tankers and Roll-on/Roll-off vessels. We also invest in and manage residential and commercial real estate, principally in Sweden and The Netherlands. We also invest in other businesses not related to our traditional lines of business.

For the financial year ended December 31, 2009, we generated revenues of SEK 27.8 billion, including net gain on sale of tangible fixed assets of SEK 179 million and net valuation of investment properties of SEK (301) million. Cash flows from operating activities for the same period were SEK 7.1 billion, with SEK 5.6 billion of cash flows from operating activities for that period generated by our restricted group, which, for purposes of the Indenture governing the notes, includes all our businesses other than substantially all our real estate business and certain investment activities. For the financial year ended December 31, 2008, we generated revenues of SEK 26.5 billion, including net gain on sale of tangible fixed assets of SEK 372 million and net valuation of investment properties of SEK (294) million, and operating income of SEK 4.0 billion. Cash flows from operating activities for the same period were SEK 5.4 billion, with SEK 5.1 billion of cash flows from operating activities for that period generated by our restricted group.

Ferry Operations

We currently operate 18 routes with a fleet of 36 vessels in Scandinavia, the United Kingdom, Germany, Poland, The Netherlands and the Republic of Ireland under the "Stena Line", "Scandlines" and "HH-Ferries" brand names. Our ferry operations generate revenues from: (i) travel, which consists primarily of ticket sales for passengers and private cars, package tours and hotel sales; (ii) onboard sales, which consist primarily of cabin occupancy, retail sales, restaurants, bars, arcades, gaming and, on our Norway-Denmark route, duty and tax free sales; and (iii) freight, which consists primarily of trailer and truck transportation. For the year ended December 31, 2009, we carried a total of 11.3 million passengers, 2.5 million private cars and 1.4 million freight units on our routes. For the financial year ended December 31, 2009, our ferry operations generated revenues of SEK 9.6 billion and generated operating income of SEK 445 million, including depreciation and amortization expense of SEK 1.1 billion. For the year ended December 31, 2009, ferry operation revenues were generated from travel revenues (39%), onboard sales (19%) and freight/other (42%).

Pursuant to a tax subsidy system in Sweden, our ferry operations receive a subsidy equal to all social security costs and income taxes payable by the employers on behalf of employees who work onboard Swedish-flagged vessels. The amount of this subsidy was SEK 390 million for the financial year ended December 31, 2009.

Business Activities

We generate revenue from our ferry operations from three principal business activities: travel, onboard sales and freight. The following table sets forth the revenue for each of our business areas for the three years ended December 31, 2007, 2008 and 2009.

	Year Ended December 31		
(SEK in millions)	**2007**	**2008**	**2009**
Travel	3,372	3,661	3,726
Onboard sales	1,849	1,837	1,830
Freight/other	4,647	4,810	4,043
Net gain sale of assets	146	—	—
Total revenues	10,014	10,308	9,599

Set forth below is certain operating data for our ferry operations for the years ended December 31, 2007, 2008 and 2009.

Volumes (in thousands)	Year Ended December 31 2007	2008	2009
Number of passengers	11,374	11,173	11,349
Private Cars	2,204	2,204	2,526
Freight units	1,621	1,575	1,360

Route Network

We currently operate 18 routes in Scandinavia, the United Kingdom, Germany, Poland, The Netherlands and the Republic of Ireland. Our routes are geographically well positioned and generally located in high traffic areas.

Sweden-Denmark. We operate ferry services on three routes. We estimate that we had an approximate 24%, 16% and 47% share of the volume of passengers, private cars and freight units, respectively, transported between Sweden and Denmark for the year ended December 31, 2009. This includes the volumes of HH-Ferries A/S ("HH-Ferries") until August 31, 2009, when the HH-Ferries vessels were chartered out to Scandlines.

The following table sets forth the volumes of passengers, private cars and freight units on our Sweden-Denmark routes for the last three years.

(In Thousands)	Passengers 2007	Passengers 2008	Passengers 2009	Private cars 2007	Private cars 2008	Private cars 2009	Freight units 2007	Freight units 2008	Freight units 2009
Gothenburg-Fredrikshavn	1,565	1,405	1,285	331	290	261	184	178	145
Varberg-Grena.................	168	172	163	43	43	42	39	42	38
Helsingborg-Helsingör (1)...	4,059	3,958	3,668	705	677	716	152	147	142
HH-Ferries (2)....................		346	1,224		130	436		25	64

(1) Represents only 50% of volume on this route. This route is operated in partnership with Scandlines Danmark A/S.

(2) 2008 volumes as from acquisition date of October 2, 2008. 2009 volumes until August 31, 2009 when the HH-Ferries vessels were chartered out to Scandlines.

Sweden-German y. We operate ferry services on five routes, including two routes operated in cooperation with Scandlines Deutschland GmbH. We estimate that we had an approximate 43%, 49% and 25% share of the volume of passengers, private cars and freight units, respectively, transported on Roll-on/Roll-off vessels between Sweden and Germany for the year ended December 31, 2009.

The following table sets forth the volumes of passengers, private cars and freight units on our Sweden-Germany routes for the last three years.

(In Thousands)	Passengers 2007	Passengers 2008	Passengers 2009	Private cars 2007	Private cars 2008	Private cars 2009	Freight units 2007	Freight units 2008	Freight units 2009
Gothenburg-Kiel.................	500	468	427	98	89	85	39	36	28
Gothenburg-Travemunde...	5	5	4	—	—	—	98	80	46
Trelleborg-Sassnitz(1)	352	343	294	88	85	75	21	19	11
Trelleborg-Rostock(1)	169	152	131	25	21	21	80	74	63
Trelleborg-Travemunde......	31	27	28	—	—	—	53	43	49

(1) Represents only 50% of the volumes on these routes. These routes are operated under a pooling arrangement with Scandlines Deutschland GmbH.

Norway-Denmark/Germany . We operate ferry services on one route. We estimate that we had an approximate 13%, 9% and 10% share of the volume of passengers, private cars and freight units, respectively, transported on Roll-on/Roll-off vessels between Norway and Denmark/Germany for the year ended December 31, 2009. Because Norway is not part of the European Union, we continue to offer duty and tax free retail sales on this route.

The following table sets forth the volumes of passengers, private cars and freight units on our Norway-Denmark route for the last three years.

(In Thousands)	Passengers 2007	Passengers 2008	Passengers 2009	Private cars 2007	Private cars 2008	Private cars 2009	Freight units 2007	Freight units 2008	Freight units 2009
Oslo-Fredrikshavn	572	564	552	62	61	68	18	17	14

Sweden-Poland. We operate ferry services on one route. We estimate that we had an approximate 39%, 25% and 23% share of the volume of passengers, private cars and freight units, respectively, transported on Roll-on/Roll-off vessels between Sweden and Poland for the year ended December 31, 2009.

The following table sets forth the volumes of passengers, private cars and freight units on our Sweden-Poland route for the last three years.

(In Thousands)	Passengers 2007	Passengers 2008	Passengers 2009	Private cars 2007	Private cars 2008	Private cars 2009	Freight units 2007	Freight units 2008	Freight units 2009
Karlskrona- Gdynia[1]	429	375	351	80	70	65	94	87	66

(1) In the second quarter of 2007, the RoPax vessel *Finnarrow* was chartered in. In the fourth quarter of 2008, the RoPax vessel *Stena Nordica* was taken out of service on this route.

Wales/England-Republic of Ireland. We operate ferry services on three routes. We estimate that we had an approximate 54%, 53% and 26% share of the volume of passengers, private cars and freight units, respectively, transported on Roll-on/Roll-off vessels between Wales/England and the Republic of Ireland for the year ended December 31, 2009.

The following table sets forth the volumes of passengers, private cars and freight units on our Wales/England and the Republic of Ireland routes for the last three years.

(In Thousands)	Passengers 2007	Passengers 2008	Passengers 2009	Private cars 2007	Private cars 2008	Private cars 2009	Freight units 2007	Freight units 2008	Freight units 2009
Fishguard-Rosslare	597	554	501	152	143	138	54	50	34
Holyhead-Dun Laoghaire ...	735	627	343	180	152	97	17	14	4
Holyhead-Dublin[1]..............	410	445	673	76	84	161	155	162	149

(1) A second vessel was added to the Holyhead-Dublin route in October 2006. In November 2008, *Stena Seatrader* was taken out of service and replaced by *Stena Nordica* with higher capacity both for freight and passengers.

Scotland/England-Northern Ireland. We operate ferry services on two routes. We estimate that we had an approximate 55%, 47% and 28% share of the volume of passengers, private cars and freight units, respectively, transported on Roll-on/Roll-off vessels between Scotland/England and Northern Ireland for the year ended December 31, 2009.

The following table sets forth the volumes of passengers, private cars and freight units on these routes for the last three years.

(In Thousands)	Passengers 2007	Passengers 2008	Passengers 2009	Private cars 2007	Private cars 2008	Private cars 2009	Freight units 2007	Freight units 2008	Freight units 2009
Stranraer-Belfast [1]........	1,217	1,104	1,109	269	244	244	115	108	102
Fleetwood-Larne...........	61	58	54	9	8	8	143	138	117

(1) On November 13, 2009, a newly acquired RoPax vessel, *Stena Navigator*, was put into operation on the route, increasing the capacity.

England-The Netherlands. We operate ferry services on three routes. We estimate that we had an approximate 24%, 28% and 16% share of the volume of passengers, private cars and freight units, respectively, transported on Roll-on/Roll-off vessels between England and The Netherlands for the year ended December 31, 2009.

The following table sets forth the volumes of passengers, private cars and freight units on this route for the last three years.

(In Thousands)	Passengers 2007	Passengers 2008	Passengers 2009	Private cars 2007	Private cars 2008	Private cars 2009	Freight units 2007	Freight units 2008	Freight units 2009
Harwich-Hook of Holland [1]..........	428	473	469	88	96	100	173	160	138
Killingholme-Hook of Holland[2]	44	63	51	—	—	—	76	87	78
Harwich-Rotterdam......................	33	35	21	—	—	—	110	107	72

(1) In January 2007, one HSS vessel was taken out of service and during the first half year 2007 two RoPax vessels operating on the route were extended to 4,100 lane meters each.

(2) In August 2006, a newly built RoPax vessel replaced one of the existing vessels on the route and, in June 2007, a second newly built RoPax vessel replaced the remaining existing vessel on this route.

Ferry Fleet

As of December 31, 2009, our ferry fleet consisted of 36 vessels in operation. The table below sets forth certain information about our ferries as of December 31, 2009.

Ferry Fleet

Type of vessel	Number of vessels	Average age (years)
HSS Vessels	3	13
Conventional Fast Ferry	1	13
Day Ferries	5	19
Night Ferries	2	26
RoRo Vessels	2	5
RoPax Vessels	23	21
Total	36	19

Newbuildings. In the third quarter of 2004, we ordered two RoPax vessels. The first vessel was delivered in August 2006, and the second vessel was delivered in June 2007. In November 2006, we ordered two Superferries of 5,500 lane meters each, currently the world's largest in route traffic. The first is scheduled for delivery in the second quarter of 2010 and the second during the fourth quarter of 2010. In August 2007, we ordered two RoPax vessels scheduled for delivery during the second and fourth quarters of 2011.

Vessel changes. As of March 1, 2009, capacity on the Harwich-Rotterdam route was reduced when the RoPax vessel *Stena Transporter* was taken out of service. As of November 13, 2009, the capacity on the Stranraer-Belfast route was increased when the RoPax vessel *Stena Navigator* was put into operation.

HSS vessels. We currently operate two HSS 1500s and one HSS 900. HSS vessels are designed to travel with significantly less vertical motion than other fast ferries at service speeds of up to 40 knots. The HSS 1500 is currently the largest high speed ferry in service in the world and has the capacity to carry significant numbers of trucks, freight trailers, cars and buses and up to 1,500 passengers. The HSS 900 can carry up to 900 passengers and 210 cars or a combination of cars and buses.

Recent acquisitions and sales

In June 2009, Stena Line sold the RoRo vessel *Stena Transporter,* which was taken out of operation on the Rotterdam-Harwich route as of March 1, 2009.

In September 2009, Stena Line acquired the RoPax vessel *Seafrance Manet*, subsequently renamed *Stena Navigator*. The vessel was put into operation on the Stranraer-Belfast route as of November 13, 2009.

In December 2009, Stena Line acquired the RoPax vessel *Skåne*, operating on our Trelleborg-Rostock route.

Sales and Marketing

Passengers and cars. Our travel service targets our marketing efforts to three groups: individual travelers, bus operators and business travelers. The travel products and services we offer consist of day trips, package trips (ferry ticket plus shore based arrangements), cruises (ferry tickets used primarily for onboard activities) and transport (only the ferry ticket). We also offer conference services and other business related services to our business travel customers.

Our sales organization is divided into national sales offices in each of the countries where we have ferry operations and is responsible for sales and reservations, sales training and route coordination. Telephone reservations are centralized at one call center in each country. Products are sold directly to consumers and through travel agents with whom we maintain various arrangements, including direct booking access. Individual customer bookings can also be made by telephone, internet, e-mail, mail, fax and directly at each of our ferry terminals.

Freight. Our freight sales organization is divided into three sales regions. The freight organization provides sales, marketing and reservation services to customers and coordinates freight services for customers seeking transportation across more than one route. Freight operations are handled by sales representatives in each country where we operate, as well as independent sales agents in other European countries.

Other Properties

Ports. We own two ports: Holyhead and Stranraer, located in England and Scotland, respectively. We also own land along the quay in Hook of Holland, The Netherlands, enabling us to control our port area at Hook of Holland. In addition, we own 50% of the capital stock of a company owning the ports of Fishguard and Rosslare, and we operate the port of Fishguard in Wales. In the case of our other routes, we use port facilities owned by third parties and pay applicable port and harbor fees.

In February 2010, we committed to invest approximately GBP 80 million in a new ferry port facility at Loch Ryan in Scotland for the future development of our Scotland-Northern Ireland route. The construction work at Loch Ryan Port is expected to take approximately 20 months and be completed in 2012. A Harbor Empowerment Order (HEO) to allow the creation of the new port has been granted by the Scottish government.

Hotels. We own one hotel in Denmark, which is marketed as part of tour packages. We have an agreement with Scandic Hotels to operate and work with us in relation to the marketing of the hotel.

Offshore Drilling

We currently own and operate two third generation and two fifth generation semi-submersible drilling rigs and three sixth generation ultra-deepwater drillships. We also have one enhanced ice-classed ultra-deepwater drillship, *Stena DrillMAX ICE*, on order from SHI and scheduled for delivery in the first quarter of 2012. We believe our quality of service, excellent safety record and fleet provide us with a significant competitive advantage. For the year ended December 31, 2009, our drilling operations generated revenues of SEK 8.1 billion and operating income of SEK 3.3 billion, including depreciation and amortization expenses of SEK 1.7 billion.

The table below sets forth selected information with respect to our drilling rigs as of December 31, 2009.

Drilling Rig Fleet

Drilling Rig/Drillship	Generation	Year Built	Maximum Water Depth (Ft.)	Class
Stena Clyde	3rd [1]	1976	1,650	DnV
Stena Spey	3rd	1983	1,500	DnV
Stena Tay	5th	1999	7,500	DnV
Stena Don	5th	2001	1,600	DnV
Stena DrillMAX	6th	2007	10,000	DnV
Stena Carron	6th	2008	10,000	DnV
Stena Forth	6th	2009	10,000	DnV

1 Upgraded 2nd generation semi-submersible

Our headquarters are in Aberdeen, Scotland with offices in Norway, Luxembourg, Cyprus and Hungary. We also have base offices in Australia, Norway, West Africa, the United States and Brazil. All of the drilling units are equipped to drill high pressure wells. As of December 31, 2009, the average age of our owned fleet was approximately 12 years.

For the five years ended December 31, 2009, our average drilling unit utilization rate was approximately 91%. The table below sets forth the average utilization rates for our drilling units for each of the past five years.

Drilling Unit Utilization

	2005	2006	2007	2008	2009

	2005	2006	2007	2008	2009
Total vessel days available	1,825	1,825	1,825	2,328	2,405
Vessel days utilized	1,591	1,683	1,714	2,171	2,106
Vessel utilization (percentage)	87.2	92.2	93.9	93.3	87.6
Offhire days planned..	126	102	47	104	224
Offhire days planned (percentage)	6.9	5.6	2.6	4.5	9.3
Unutilized days	108	40	64	53	75
Unutilized days (percentage)................................	5.9	2.2	3.5	2.2	3.1
Average daily rates in $..	154,000	241,000	329,000	404,000	470,000

The table below sets forth selected information with respect to the drilling contracts for our drilling units in operation as of January 31, 2010.

Rig/Drillship	Customer	Expected Contract Expiration Date
Stena Clyde...............................	Apache	February 2011
Stena Don	Cairn	Mid November 2010
Stena Tay..................................	Total	January 2011
Stena Spey................................	Chevron	March 2010
Stena Spey................................	TAQA	November 2010 (plus one two-well option)
Stena DrillMAX	Repsol	December 2011 (plus a one-year option)
Stena Carron	Chevron	June 2014 (plus one three-year option)
Stena Forth................................	Hess	August 2014

The contracts for our drilling units typically provide for compensation on a "day rate" basis, under which we receive a fee for each day that the rig is operating under contract. Under day rate contracts, we pay the operating expenses of the rig, including wages and the costs of incidental supplies. As at December 31, 2009, the daily charter rates for our drilling rigs were as follows: *Stena Clyde*: $450,000; *Stena Spey*: $245,000; *Stena Tay*: $325,000 to $375,000, depending on the incentive earned and excluding dayrate adjustment related to changes in operating costs; *Stena Don*: $450,000 (post current 5-year SPS and mobilization to location; mobilization rate is $225,000 per day); *Stena DrillMAX*: $450,000 to $500,000, depending on the incentive earned and excluding dayrate adjustment related to changes in operating costs, *Stena Carron*: $485,000, excluding dayrate adjustment related to changes in operating costs, and *Stena Forth:* $498,500 to $538,500, dependent on incentive earned and dayrate adjustment related to changes in operating costs.

Newbuildings. We have ordered four DrillMAX drillships. One was delivered in December 2007, two were delivered in August 2008 and August 2009, respectively, and the fourth, the enhanced ice-classed ultra-deepwater drillship *Stena DrillMAX ICE*, is scheduled for delivery in the first quarter of 2012. *Stena DrillMAX ICE* has not been contracted yet.

Our DrillMAX drillships can move more quickly between drilling locations than semi-submersible rigs and include a second mast that enables them to perform exploration and development work more efficiently.

Competition. The offshore drilling rig market is highly cyclical and competitive, reflecting the historic oversupply of offshore drilling rigs and the ability of operators to move rigs from areas of low utilization and low day rates to areas of greater activity and relatively higher day rates. Although drilling contracts are generally awarded on a competitive bid basis with price competition as the primary factor, contracts for drilling projects are also being negotiated directly between an oil company and its preferred contractor with suitability of equipment, quality of service safety, and price being significant factors in awarding contracts.

Shipping

Our shipping operations consist of the ownership and chartering of crude oil and petroleum product tankers and Roll-on/Roll-off vessels. To support these activities, we are also engaged in the design, purchase, sale, management and crewing of these vessels. We generally collect charter hire payments monthly in advance in the case of time charters and upon completion with respect to charters on the spot market. For the financial year ended December 31, 2009, our shipping operations generated revenues of SEK 3.1 billion, including net gain on sale of vessels of SEK 148 million and generated operating income of SEK (629) million, including depreciation and amortization expenses of SEK 400 million, of which SEK 150 million was partial write-downs of three product tankers.

Crude oil and petroleum product transportation

We own, charter in and provide commercial management services for crude oil and product tankers. As of December 31, 2009, we owned three product tankers, leased two product tankers pursuant to long-term finance leases and we also had a 50% interest in one crude oil tanker and four shuttle tankers. We also have two Suezmax tankers on order from SHI scheduled for delivery in the third and fourth quarters of 2011. Through our 35% stake in Paradise Tankers we have an interest in three Panamax tankers and two Dry Cargo Panamaxes. All our owned and finance leased tankers are double hulled. As of December 31, 2009, we also chartered in 21 Product, Aframax, Panamax and Suezmax tankers.

As of December 31, 2009, the average period of the charter contracts for the 21 chartered in tankers was 11 months. Of these tankers, three were chartered out for an average period of 53 months. The other 18 tankers are currently trading on the spot market and are partly covered by contracts of affreightment (CoA).

Our customers are generally large international oil companies, members of the Organization of Petroleum Exporting Countries and shipping companies. Our customers include BP plc, Chevron Corporation, ConocoPhillips, the Royal Dutch/Shell Group of Companies, Neste Oil and Total.

We have an allocation agreement with Concordia, pursuant to which Concordia may elect to participate fully or partially in crude oil and petroleum product tanker and bulk cargo vessel opportunities identified by us.

The table below sets forth certain information with respect to our owned and finance leased tankers as of December 31, 2009.

Owned and finance leased tankers

Tankers	Year Built	Type	DWT	Type of charter	Current charter expiration date
Stena Conquest[1]	2003	Product	47,400	Spot	n/a
Stena Conqueror[1]	2003	Product	47,400	Spot	n/a
Stena Concert[1]	2004	Product	47,400	Spot	n/a
Stena Caribbean[2]	2002	Product	9,996	Time	July 2011
Stena Calypso[2]	2002	Product	9,996	Time	January 2013
Stena Arctica[3]	2005	Ice Aframax	117,099	Time	December 2016
Nordic Rio[4]	2004	Shuttle	152,000	Bareboat	July 2017
Stena Alexita[4]	1998	Shuttle	127,535	Time	November 2010
Stena Natalita[4]	2001	Shuttle	108,073	Time	February 2011
Navion Gothenburg[4]	2007	Shuttle	152,000	Bareboat	July 2020

(1) Owned tankers

(2) Tankers held pursuant to a long-term finance lease.

(3) Our interest is through a 50/50 joint venture with Neste Oil Oyj.

(4) Our interest in these tankers is through two 50/50 joint ventures with TeeKay.

In addition, we have entered into 8.5-year charter agreements (with an option to extend the charter for 1.5 years) with Argo Shipping International Corp. for *Stena Atlantica* and *Stena Antarctica*, two ice-class Aframax tankers that are chartered in on a long-term bareboat charter. The charter term commenced on the delivery of the vessels from the shipyard during 2006.

The table below sets forth certain information with respect to our owned and finance leased tanker sales and purchases on an annual basis for the past five years.

Tankers sales and purchases

	2005	2006	2007	2008	2009
Fleet as of January 1	5 (2)	8 (2)	6 (3)	8 (4)	12 (4)
Newbuildings delivered/vessels bought	4	2	3	6	0
Vessels sold	1	4 (5)	1	2	2
Fleet as of December 31	8 (2)	6 (3)	8 (4)	12 (4)	10 (4)

(1) Includes two vessels in which we have a 50% interest.

(2) Includes three vessels in which we have a 50% interest.

(3) Includes four vessels in which we have a 50% interest.

(4) Includes five vessels in which we have a 50% interest.

(5) Includes one vessel in which we have a 50% interest.

***Recent acquisitions and sales*.**

In October 2009, we sold two 13,000 dwt Product tankers to a third party for an aggregate price of $57 million. We acquired the vessels in 2008 for an aggregate purchase price of $56 million.

In December 2009, we ordered two Suezmaxes from SHI for an estimated total aggregate investment of $140 million. The vessels are scheduled for delivery in the third and fourth quarters of 2011.

Chartering activities. As of December 31, 2009, 18 of our 21 chartered in tankers were chartered out on the spot market. The spot market refers to a segment of the shipping market where contracts are made for single voyages. Under our contracts of affreightment, we provide transportation services for crude oil and clean oil products using designated vessels for approximately twelve months over specified routes. Under a charter on the spot market or under contracts of affreightment, the person chartering out the vessel provides the crew, captain, insurance and daily maintenance, as well as bunker, harbor dues, channel fees and any other costs in connection with the voyage. As of December 31, 2009, the total number of vessels on contracts of affreightment amounted to 4. As of December 31, 2009, 3 of our chartered in tankers were on time charter contracts with remaining periods ranging from 2 months to 6.5 years.

From January 1, 2009 until December 31, 2009, spot market rates have ranged from $4,000 to $46,000 per day for Aframax tankers, $0 to $23,000 per day for Panamax tankers, $0 to $17,000 per day for Product tankers and $3,000 to $50,000 for Suezmax tankers. Spot market rates at December 31, 2009, were $46,000 for Aframax tankers, $11,000 for Panamax tankers, $6,000 for Product tankers and $21,000 for Suezmax tankers.

Pooling arrangements. In March 2005, we entered into a Suezmax pooling agreement with Sonangol Shipping (Sonangol Shipping Girassol Ltd, Sonangol Shipping Luanda Ltd, and Sonangol Shipping Kizomba Ltd) in Angola. The revenues from the pool are split between the pool members in proportion to the number of tankers each delivered to the pool. The pool has been in operation since July 2005.

In January 2008, we entered into a Panamax pooling agreement with the same partner, Sonangol Shipping. The revenues from the pool are split between the pool in proportion to the number of tankers each delivered to the pool and a tanker index.

For the five years ended December 31, 2009, our average tanker utilization rate was approximately 99%.

The table below sets forth certain information relating to the utilization of our owned and chartered in tankers for the last five years.

Tanker utilization

	Year ended December 31,				
	2005	**2006**	**2007**	**2008**	**2009**
Total tanker days available [(1)]	14,083	15,851	15,550	15,826	11,054
Tanker days utilized	13,853	15,520	15,389	15,537	10,907
Tanker utilization (percentage)	98.4	97.9	99.0	98.1	98.7
Offhire days planned[(2)]	143	228	97	229	116
Offhire days planned (percentage)	1.0	1.5	0.6	1.4	1.0
Unutilized days	87	103	64	60	31
Unutilized days (percentage)	0.6	0.6	0.4	0.4	0.3

(1) Total tanker days are determined by aggregating the number of days in each year we owned, chartered in or leased such tankers.

(2) Due to planned dry-dockings.

Commercial management services. We provide commercial management services for Concordia and Sessan and other third parties. Commercial management includes arranging charters, fuel, documentation and port services, revenue collection and accounting services.

Competition. International sea borne crude tanker and product tanker transportation services are provided by two main types of operators: major oil company captive fleets (both private and state owned) and independent ship owner fleets. Many of our customers also operate their own tankers and use such tankers not only to transport their own oil, but also to transport oil for third party charterers in direct competition with operators in the tanker charter market. Chartering tankers is highly competitive and is based upon price, location, vessel quality, size, condition and acceptability of the tanker and its manager to charterers.

General Maritime. In December 2008, General Maritime and Arlington Tankers, in which we owned 1,252,988 shares, merged in a stock-for-stock combination. Shareholders of General Maritime received 1.340 shares of the surviving company for each share of General Maritime, and shareholders of Arlington Tankers received one share of the surviving company for each share of Arlington Tankers. In 2009, we sold our entire stake in the new combined company General Maritime. We currently charter 4 vessels from General Maritime which we previously chartered from Arlington Tankers. NMM manages these vessels. The additional charter hire arrangements and the NMM management arrangements are the same as were in effect with Arlington Tankers.

Roll-on/Roll-off Vessel Operations

Roll-on/Roll-off vessels permit trucks, freight trailers, buses, cars, and, to a certain extent, containers on chassis to drive directly onto and off the ship. Our Roll-on/Roll-off vessel operations are divided into RoPax vessels, which carry trucks, freight trailers, buses and cars and provide accommodations for passengers; and RoRo vessels, which carry predominantly freight trailers only and limited number of passengers.

Over the past five years, the fleet size within our Roll-on/Roll-off operations has ranged from six to ten vessels. As of December 31, 2009, we owned five RoRo vessels and one RoPax vessel. We also had one finance leased RoPax vessel, one RoRo vessel in which we had a 50% ownership, and we also chartered in one RoPax vessel.

For the five years ended December 31, 2009, our average Roll-on/Roll-off vessel utilization rate was approximately 98%. The table below sets forth information with respect to the utilization of our Roll-on/Roll-off vessels during the last five years.

Roll-on/Roll-off Vessel Utilization

	Year ended December 31,				
	2005	**2006**	**2007**	**2008**	**2009**

	Year ended December 31,				
	2005	2006	2007	2008	2009
Total vessel days available (1)	3,886	3,135	3,152	2,641	2,920
Vessel days utilized(2)	3,758	3,070	3,101	2,593	2,905
Vessel utilization (percentage)(2)	96.7	97.9	98.4	98.2	99.5
Offhire days(3)	109	50	41	23	13
Offhire days (percentage)	2.8	1.6	1.3	0.9	0.4
Unutilized days	19	15	10	25	2
Unutilized days (percentage)	0.5	0.5	0.3	0.9	0.1

(1) Total vessel days are determined by aggregating the number of days in each year we owned, chartered in or leased such vessels (hence variation in fleet size affects total number of days available).

(2) In the case of bareboat charters, the vessel is deemed to be utilized during the entire time the vessel is on charter.

(3) Due to planned dry-dockings.

The customers for our Roll-on/Roll-off vessels consist primarily of operators in the international freight and passenger transportation business. Because we frequently purchase and sell our Roll-on/Roll-off vessels, and because our customers charter specific vessels to suit their particular needs, our customer base varies with changes in our fleet.

Chartering activities. Our strategy is to charter our Roll-on/Roll-off vessels on either long-term time charters or bareboat charters. We seek operationally experienced and financially stable customers to charter our Roll-on/Roll-off vessels. In the case of time charters, we provide the crew, technical management and insurance coverage. In the case of bareboat charters, the charterer provides the fuel, crew, insurance and daily maintenance of the vessel. Bareboat charters also provide us with the right to inspect our vessels on a periodic basis.

The tables below set forth information about existing chartering arrangements in place with respect to our Roll-on/Roll-off and RoPax vessels, as of December 31, 2009.

RoRo Vessels

Vessel	Type of charter	Current charter expiration date
Crowley Shipper(1)	Time	March 2013
Mont Ventoux(2)	Time	November 2010
Stena Foreteller	Time	December 2011
Ark Forwarder	Time	February 2012
Stena Forecaster	Time	September 2012
Stena Forerunner	Time	October 2012

(1) In March 2008, *Stena Shipper* was sold to a company in which Stena holds 50% of the shares and renamed *Crowley Shipper*.
(2) In December 2008, we acquired the company that owned *Mont Ventoux* from Stena Metall.

RoPax Vessels

Vessel	Type of charter	Current charter expiration date
Borja [1]	Time	February 2010[1]
Stena Challenger[2]	Bareboat	June 2013
Seatrade (ex *Stena Seatrader*)	Bareboat	December 2012

(1) Finance leased vessel. Option exercised to acquire the vessel at the end of the three year charter in May 2010. The vessel will be transferred to deployment in our ferry operations upon expiry of its current charter contract in the first quarter of 2010.

(2) Chartered in vessel.

Fleet management. We order new vessels to be built, purchase existing vessels, charter vessels in, charter vessels out and sell vessels. Sales of our vessels are an integral part of our business and have provided a significant portion of our shipping revenue in past years. The market for vessel sales is highly competitive and there can be no assurance that we will be able to realize gains from the sale of vessels in the future.

The table below sets forth certain information with respect to our purchases and sales of vessels within our Roll-on/Roll-off operations and the net gain from such sales for the past five years. We do not include in the table any transfers of Roll-on/Roll-off vessels from our Roll-on/Roll-off vessel operations to our ferry operations.

Vessel Sales and Purchases Roll-on/Roll-off Operations

	2005	2006	2007	2008	2009
Fleet as of January 1	8	8	7	8	9
Newbuildings delivered	—	—	—	—	—
Vessels purchased	1	—	1	1	—
Vessels sold	1	1	1	1	1
Transfer from Ferry Operations	—	—	1	1	—
Fleet as of December 31	8	7	8	9	8
Net gain on sale of vessels (SEK in millions)	191	219	100	33	148

Recent acquisitions and sales

In June 2009, we sold the HSS vessel *Stena Discovery*.

Competition. The Roll-on/Roll-off vessel chartering business is very competitive. Competition among companies that charter out Roll-on/Roll-off vessels depends on several factors, such as the availability of suitable vessels, charter rates, customer service and the quality of the vessels. The large number of newbuildings ordered and delivered in the industry in recent years has significantly increased competition in our Roll-on/Roll-off vessel operations and adversely impacted charter rates and the value of older, smaller and slower vessels. Some companies may decide that it is more economical to purchase rather than charter vessels, thereby decreasing demand for our chartering operations. From time to time we sell vessels to such operators. Our competitors include other ship owners and ferry line service operators who may from time to time have an unemployed vessel.

Ship management

As part of our ongoing commitment to maintaining a high quality fleet and efficient operations, we own and operate a ship management company, NMM, which provides ship management services from offices in Glasgow, St. Petersburg, Aberdeen, Gothenburg, Houston, Singapore, Manila, Hamburg and Mumbai. Ship management includes crewing, inventory control, maintenance and technical management.

As of December 31, 2009, NMM provided services for approximately 120 vessels and approximately 4,800 seafarers for us, Concordia, Chevron, Technip and several other third parties.

Technical developments and patents

Stena Teknik, our technical division, provides design, construction and other marine technology support to our shipping and offshore drilling activities. We hold several patent registrations and applications in the United States and abroad to establish and protect our proprietary rights in the shipbuilding design industry. These patent registrations and applications relate primarily to the design and construction of the HSS ferries and hull forms.

Real estate

General. We are involved in the acquisition, selling, construction, refurbishment and management of residential and commercial properties. In the financial year ended December 31, 2009, our real estate operations, including net gain on sale of properties of SEK 31 million and net valuation of investment properties of SEK (301) million, generated revenues of SEK 2.3 billion and operating income of SEK 1.1 billion. After the adoption of IFRS accounting principles as of January 1, 2008, no depreciation is charged to our real estate operations as the properties are held at market value. Substantially all our real estate operations are conducted through our unrestricted subsidiaries. As of December 31, 2009, our real estate portfolio consisted of two segments: 275 leasehold and freehold properties in Sweden; and 53 freehold and leasehold properties located in The Netherlands, Germany, Luxembourg, France, U.S. and Hungary. The occupancy rates for our residential and commercial properties, based on square meters, were for the year ended December 31, 2009, approximately 99% and 90%, respectively. The majority (88%) of our rental income comes from our properties in Sweden; the majority of our remaining rental income is from properties located in The Netherlands. Our real estate portfolio is managed from offices located in Gothenburg, Malmo, Stockholm, Uppsala, Halmstad, Amsterdam and Sophia Antipolis in France. We also manage properties owned by the Olsson family. As of December 31, 2009, our management estimates, based on external and internal valuations, that the market value of properties owned by our real estate operations was approximately SEK 24 billion, which equals the book value of these properties.

Each of our real estate subsidiaries finances its acquisitions of property with equity contributions and individual mortgages from various commercial and mortgage banks, which are non-recourse to Stena AB and the Restricted Group.

Swedish properties. Our real estate portfolio in Sweden as of December 31, 2009, consisted of 275 residential and commercial properties totaling approximately 1,900,000 square meters.

As of December 31, 2009, our residential properties consisted primarily of multi-family rental properties (approximately 21,700 units) that, in terms of square meters, comprise approximately 79% of our properties in Sweden or approximately 1,500,000 square meters. Our commercial properties in Sweden consist mainly of office buildings and comprise the remaining 21% of our property portfolio in Sweden or approximately 400,000 square meters. The occupancy rates for our Swedish properties, based on square meters, were 96% for each of the years ended December 31, 2008 and December 31, 2009.

Of our Swedish properties, 39 are leased pursuant to long-term ground leases from local governments. These leases typically run for a 60 year period with a right of renewal every 40 years. Rent is renegotiated after the first 20 years and every 10 years thereafter. In practice the leases are indefinite.

International. As of December 31, 2009, our properties outside Sweden consisted of 53 commercial properties, 40 of which were located in The Netherlands. The remaining properties are located in Germany, Luxembourg, France, the U.S. and Hungary. Our non-Swedish properties total approximately 242,000 square meters. The occupancy rates for our non-Swedish properties, based on square meters, as of December 31, 2008 and December 31, 2009, were 93% and 88%, respectively.

Stena Realty B.V. also invests indirectly in real estate. We hold a 20.8% stake in the Acre Fund, which is majority owned by Schiphol Airport. The Acre Fund owns approximately 192,000 square meters of office and warehouse space at the Schiphol Airport. External bank financing is in place for 29.4% of our total investment.

As of December 31, 2009, we have invested a total of € 37 million in a fund, managed by ING, for development of residential complexes in China. Today the fund is developing nine large residential areas in China totaling 2.3 million square meters. Our stake in the fund amounts to 11.25%. As of December 31, 2009, approximately 32% of our investment had been repaid by the Fund to its investors as a number of projects had come to maturity.

Since 2007 we have held a stake in the ING Dutch Office Fund, which owns a portfolio of prime office buildings in The Netherlands. 80% of the offices are located in the four major Dutch cities and includes the World Trade Center in Amsterdam and the head office of Nationale Nederlanden, The Netherlands' tallest building, in Rotterdam. Our stake in the fund amounts to 4.75%. Bank financing is in place for 55% of our investment.

In 2009 we acquired two office buildings in The Netherlands (one in The Hague and one in Utrecht) and a complex of four offices in France (Sophia Antipolis) from third parties. We also bought a company, which owned three office buildings in Houston, from Sessan and we took delivery of a newly built office building in France (Sophia Antipolis). In 2009, we invested € 54 million in non-Swedish properties.

Property management. In Sweden, we also manage property owned by the Olsson family. We receive a fee for these services equal to 4% of the rents collected with respect to such properties. Such fee aggregated to SEK 12 million and 13 million respectively for each of the years ended December 31, 2008 and December 31, 2009.

New Businesses Adactum

General. Through our unrestricted subsidiary Adactum, we make long-term investments in listed as well as private companies in new businesses outside of our traditional lines of business. Our objective is to create value in industries outside of our core business by building strong, profitable companies that can create platforms for new business opportunities within the group. We contribute mainly capital and active ownership to these businesses. In the year ended December 31, 2009, Adactum generated revenues of SEK 4.8 billion and operating income of SEK 178 million, which includes depreciation and amortization expenses of SEK 219 million. As of December 31, 2009, Adactum had direct investments in six private companies, of which three are wholly owned and one is 80% owned, and held significant ownership interests in two listed companies. Adactum's investments are financed through equity contributions and debt that is non-recourse to Stena AB and the Restricted Group.

Investments in private companies. In April 2004, Adactum acquired Blomsterlandet AB ("Blomsterlandet") through which we have created a chain of retailers for gardening products with one of Sweden's most extensive range of indoor and outdoor plants. Since our acquisition, the number of garden centers in Sweden has increased from 18 to 41. Revenue of Blomsterlandet increased in the year ended December 31, 2009, to SEK 1,076 million, representing an increase of 3% compared to SEK 1,049 million for the year ended December 31, 2008.

In June 2005, Adactum acquired Envac AB ("Envac"), which operates automated household and municipal waste collection systems with activities in more than 30 countries. Envac has grown extensively over the past year, particularly in the Asian and Middle East market. The company has entered into new markets by establishing new offices in Brazil and Canada. Revenue in Envac for the year ended December 31, 2009, was SEK 1.3 billion, the same as for the year ended December 31, 2008.

In December 2005, we ordered five wind power systems (windmills) for a total investment of SEK 140 million. Through our subsidiary Stena Renewable, in January 2007, we commenced operation of Sweden's largest land-based wind power generating plant, near Ludvika, Sweden. In November 2007, we acquired an additional twelve wind power systems (installed at the same location) for approximately SEK 340 million. Operations of these new systems commenced in the fourth quarter of 2008. Revenue in Stena Renewable for the year ended December 31, 2009, was SEK 74 million, representing an increase of 147% compared to SEK 30 million for the year ended December 31, 2008.

In June 2007, Adactum acquired a 45% interest in MediaTec for a total investment of approximately SEK 340 million. MediaTec is a newly formed group comprised of three leading Swedish companies in the media technology industry and is one of Europe's largest groups in this field. The business areas within MediaTec are Outside Broadcast, Large Display Solutions and Event & Exhibition Technology. Revenue in MediaTec decreased in the year ended December 31, 2009, to SEK 811 million, representing an increase of 10% compared to SEK 905 million for the year ended December 31, 2008.

As of December 31, 2007, Adactum held 29% of the shares in Ballingslöv, a company listed on the Stockholm stock exchange that operates in the manufacturing of kitchens, bathrooms and storage units. By July 2008, we had acquired an additional 51% of the shares through a takeover bid for a price of SEK 1.0 billion. As a result thereof, Ballingslöv became a subsidiary of Adactum as of the third quarter of 2008 and was subsequently de-listed. The aggregate investment of SEK 1.3 billion represents 80% of the shares. Due to the challenging market situation following the global financial crisis revenue in Ballingslöv for the year ended December 31, 2009, fell to SEK 2.3 billion, representing a decrease of 18%, compared to SEK 2.8 billion for the year ended December 31, 2008.

In October 2007, Adactum acquired 10% of the shares in SentoClone for a price of SEK 55 million. In November 2008, Adactum acquired an additional 9% of the shares for a price of SEK 65 million. SentoClone is a Life Science research company focusing on the development and marketing of a method for treating cancer based on the utilization of the patient's immune system.

Investments in listed companies. Our listed holdings held through Adactum in Gunnebo AB (publ) (developer of security products and systems) and Midelfart Sonesson AB (publ) (manufacturer of health and beauty products) had a total market value of SEK 655 million as of December 31, 2009. Additional investments were made in Gunnebo AB (publ) of SEK 133 million and in Midelfart Sonesson AB (publ) of SEK 30 million during the year ended December 31, 2009, in connection with new share issues in these companies.

In September 2008, Adactum sold its 14% stake in Gunnebo Industrier AB (publ) (manufacturer of chain/lifting components and fastening systems), realizing a net gain of SEK 158 million.

Investment activities

We maintain an investment portfolio of marketable securities and other short-term investments. As of December 31, 2009, the fair value of these investments (including restricted cash of SEK 3.3 billion) amounted to SEK 5.9 billion, as compared to SEK 7.7 billion (including restricted cash of SEK 4.7 billion) as of December 31, 2008. Our equity investments currently include both publicly traded and private companies. The debt securities currently held by us are primarily bank floating rate notes and bonds.

We have also invested in SPEs, whose purpose is to invest primarily in high yield securities and corporate bank loans. Due to changes in Swedish GAAP in 2005, these SPEs are consolidated as subsidiaries. As of December 31, 2009, total assets of these SPEs amounted to SEK 8.2 billion, which was financed in part by U.S. dollar-denominated notes issued by the SPEs in an aggregate amount of SEK 8.2 billion.

In addition to our hedging arrangements, we actively trade in currencies and to a lesser extent in interest rates. As of December 31, 2009, the notional amounts of such instruments were SEK 332 million as compared to SEK 263 million as of December 31, 2008.

The net gain on our portfolio of debt and equity securities and investment in SPEs, together with dividends received and the results from our currency and interest rate trading activities, for the years ended December 31, 2007, 2008 and 2009, amounted to a gain of SEK 1.2 billion, a loss of SEK 1.4 billion and a gain of SEK 0.3 billion, respectively. We seek to maintain an investment portfolio that is well diversified with regards to asset classes and geographical markets to balance our exposure to various risks, and have established a series of procedures and limits designed to manage the risks of these activities on a day-to-day basis. Investments are subject to various risks and currency rates are highly volatile and, as a result, there can be no assurance that our investment activities will be profitable.

Our current policies regarding our investments include limits on leverage, limits on percentage of debt securities and certain types of equity securities in our portfolio and limits on the transaction amounts by any single trader. In the case of certain of our investments, various agreements governing our indebtedness provide that if the value of our investment decreases below an established minimum level, the lender has the right to liquidate the investment.

Classification of vessels

The hull and machinery of each of our vessels have been certified as being “in class” by its respective classification society: American Bureau, DnV or Lloyds Register. A classification society certifies that a vessel has been built and maintained in accordance with the rules of the society and is in compliance with applicable rules and regulations of the country of registry and the international conventions of which that country is a member.

The aggregate appraised value of our owned and finance leased vessels and drilling rigs, as of December 31, 2009, was approximately SEK 34.6 billion as compared with the net book value as of December 31, 2009, of SEK 27.3 billion. These appraisals were performed by independent ship appraisers who received customary fees for such services. Our vessel values generally fluctuate over time and there can be no assurance that we would be able to sell our vessels for their appraised values.

Risk of loss and insurance

General. Our business is subject to a number of risks, including mechanical failure of our vessels, collisions, property loss or damage, cargo loss or damage and business interruption due to political circumstances in foreign countries, international hostilities, terrorism or labor strikes. The operation of any ocean-going vessel or drilling rig is also subject to the inherent possibility of catastrophic marine disaster, including oil spills and other environmental mishaps, and other liabilities arising from owning and chartering out vessels or drilling rigs in international trade. Environmental legislation enacted in the United States, which imposes virtually unlimited liability upon owners, operators and bareboat charterers trading in the U.S. market for certain oil pollution accidents in the United States, has made liability insurance for trading in the U.S. market more expensive and has caused insurers to consider reducing available liability coverage.

We maintain insurance coverage in amounts consistent with industry practice. Our insurance coverage is maintained with underwriters in the insurance markets mainly in Sweden, Norway, the United Kingdom and the United States.

Hull and machinery insurance. We maintain hull and machinery insurance, which covers the risk of damage to, or total or constructive loss of a vessel as well as damage to third parties caused by direct contact with an insured vessel. This insurance also covers claims arising from collision with other vessels and salvage, towing and other related costs. Constructive total loss occurs when the vessel is so damaged due to a casualty that the repair costs amount to at least 80% of the insured value of the vessel. We also maintain war risks insurance, which insures the risk of damage and total or constructive total loss of an insured vessel directly caused by certain warlike situations, such as military use of weapons or terrorist activities. Coverage for areas designated from time to time as war zones may be excluded or additional premiums may be required with respect to voyages in such zones. We maintain coverage for the full value of each vessel, the value of which is updated at least annually.

We maintain civil and war risk hull and machinery insurance in respect of all Roll-on/Roll-off vessels, tankers and drilling rigs owned by us and vessels bareboat chartered in or leased by us pursuant to a long-term finance lease. The bareboat charterer of a vessel is responsible for obtaining adequate hull and machinery insurance. We obtain “innocent owner insurance” to insure against the risk that the bareboat charterer’s hull and machinery insurance, war risk insurance and protection and indemnity insurance are not valid due to any act or omission of the charterer.

Loss of hire insurance. We maintain loss of hire insurance to insure against a loss of income due to damage to the hull or machinery of any Roll-on/Roll-off vessels and tankers owned by us. Some of our drilling rigs are covered by loss of hire insurance, and vessels used in our ferry operations have loss of hire insurance at the option of the applicable route director.

Protection and indemnity (P&I) insurance. We maintain P&I insurance coverage for our shipping activities, which includes coverage against legal liability and other related expenses incurred due to the injury or death of crew, passengers and other third parties, loss or damage to cargo, damage to third party property, or pollution arising from oil or other substances. Our P&I insurance coverage is arranged through four P&I mutual insurance clubs in Sweden, Norway and the United Kingdom. As a member of the club, we may be required to pay additional premiums in arrears. Our total premium is based on our own claims record, the total claims record of the members of the club and the aggregate claims record of all clubs that are members of the international association of P&I Clubs and the clubs’ costs for reinsurance.

We maintain P&I insurance in respect of all Roll-on/Roll-off vessels, tankers and drilling rigs owned, chartered in or leased pursuant to a long-term finance lease, except for vessels bareboat chartered out. The charterer of a vessel we bareboat charter-out is responsible for obtaining adequate P&I insurance. We obtain “subsidiary P&I insurance” for vessels bareboat chartered by companies not affiliated with us in order to insure the owner of a vessel bareboat chartered out against claims.

Since February 20, 1996, the maximum exposure of all P&I clubs for liabilities to third parties has been capped at an amount based on a formula specified in the International Convention on Liability for Maritime Claims of 1976. Oil pollution coverage is also limited. Coverage for damages arising from oil pollution for vessels that are owned and bareboat chartered in is limited to $1 billion per vessel per incident. Coverage for our drilling rigs/drillships for damages arising from pollution is limited to $150 million per incident, except that coverage for *Stena Clyde* is limited to $100 million per incident. We believe we have adequate oil pollution coverage.

Our fleet of tankers is used to transport crude oil and petroleum products. The operation of these vessels, as well as our drilling rigs, could potentially result in an oil spill for which we could be liable. The Roll-on/Roll-off vessels owned and chartered out by us do not transport crude oil or petroleum products, but do carry significant quantities of diesel oil and other heavy oil used for fuel that, if spilled, would cause pollution and liability. In addition, vessels owned and chartered out by us could be involved in a collision with a tanker causing a spill of the tanker’s cargo for which we could be liable. See “Regulation.”

Claims experience. We have experienced some immaterial property losses over the past five years. These losses were all covered by insurance and none of these incidents resulted in a material loss or liability for us.

Adequacy of insurance. We believe that our current insurance coverage provides adequate protection against the accident-related risks involved in the conduct of our business and that we maintain appropriate levels of environmental damage and pollution insurance coverage, consistent with industry practice. However, there can be no assurance that all risks are adequately insured against, that any particular claim will be paid or that we will be able to procure adequate insurance coverage at commercially reasonable rates in the future. Consistent with industry practice, our insurance policies are subject to deductibles that we believe are commercially reasonable.

Regulation

General

The shipping industry in general, and our business and the operation of our vessels and drilling rigs in particular, are subject to and affected by a variety of governmental regulations, including numerous international conventions, national, state and local laws and national and international regulations in force in the jurisdictions in which such vessels and drilling rigs are registered and operate. Because such conventions, laws and regulations are often revised, we cannot predict the ultimate cost of complying with such revised conventions, laws and regulations or the impact on the resale price or useful life of our vessels and drilling rigs. We are required by various governmental and regulatory agencies to obtain certain permits, licenses and certificates with respect to our operations. Subject to the discussion below and to the fact that the kinds of permits, licenses and certificates required for the operation of the vessels and drilling rigs owned or operated by us will depend upon a number of factors, we believe that we have been and will be able to obtain all permits, licenses and certificates material to the conduct of our operations. We also foresee that the increased environmental and quality concerns of insurance underwriters, regulatory bodies and charterers will result in greater inspection and safety requirements on all vessels.

Environmental

We are subject to the laws of various jurisdictions and international conventions regarding the discharge of materials into the environment. The most onerous of such regulations are OPA '90, CERCLA and MTSA.

OPA '90. OPA '90 establishes an extensive regulatory and liability regime for the protection and cleanup of the environment from oil spills. OPA '90 affects all owners and operators whose vessels trade in the United States or its territories or possessions or whose vessels operate in United States waters, which include the United States territorial area and the two hundred nautical mile exclusive economic zone of the United States.

Under OPA '90, vessel owners, operators and bareboat charterers are "responsible parties" and are jointly, severally and strictly liable (unless the spill results solely from the act or omission of a third party, an act of God or an act of war) for all oil spill containment and clean-up costs and other damages arising from oil spills pertaining to their vessels. The 2006 amendments to OPA '90, as implemented by regulations effective July 31, 2009, limit the liability of responsible parties as follows:

- Single-hull vessels (including a single-hull vessel fitted with double sides only or a double bottom only)
    - a vessel of 3,000 gross tons or smaller: the greater amount of $3,200 per gross ton or $6,408,000; and
    - a vessel greater than 3,000 gross tons: the greater amount of $3,200 per gross ton or $23,496,000.
- Other vessels than single-hull vessels
    - a vessel of 3,000 gross tons or smaller: the greater amount of $2,000 per gross ton or $4,272,000; and
    - a vessel greater than 3,000 gross tons: the greater amount of $2,000 per gross ton or $17,080,000.
- Any other vessel
    - the greater amount of $1,000 per gross ton or $854,400.

These limits of liability do not apply if the incident was proximately caused by a violation of applicable United States Federal safety, construction or operating regulations or by the responsible party's gross negligence or willful misconduct, or if the responsible party fails or refuses to report the incident or to cooperate and assist in connection with the oil removal activities.

In order to ensure that the responsible parties will meet the minimum liability amount imposed by OPA '90, responsible parties must establish evidence of financial responsibility to pay. Certificates of financial responsibility have been obtained for all our owned or bareboat chartered vessels that trade in U.S. waters. We believe that if the need arises, certificates of financial responsibility for our other vessels could be obtained promptly. Guarantees from Shoreline Mutual (Bermuda) Limited and Arvak Ltd. are the primary vehicles through which we have satisfied the requirements under OPA '90.

Owners, bareboat charterers or operators of tankers operating in United States waters are required to file vessel response plans with the Coast Guard, and their tankers are required to be operated in compliance with their

Coast Guard approved plans. Such response plans must, among other things, (i) address a “worst case” scenario and identify and provide, through contract or other approved means, the availability of necessary private response resources to respond to a “worst case discharge”, (ii) describe crew training and drills and (iii) identify a qualified individual with full authority to implement removal actions. We have filed vessel response plans with the Coast Guard for the tankers owned or bareboat chartered by us that trade in United States waters and have received approval for all of such tankers to operate in United States waters.

Under OPA ‘90, with certain limited exceptions, all newly built or converted tankers operating in United States waters must be built with double-hulls, and existing vessels which do not comply with the double-hull requirement must be phased out over a 25-year period (1990-2015), based on size, age and place of discharge, unless retrofitted with double-hulls. Notwithstanding the phase-out period, OPA ‘90 currently permits existing single-hull tankers to operate until the year 2015 if their operations within United States waters are limited to discharging at the Louisiana Off-Shore Oil Platform, or off-loading by means of lightering activities within authorized lightering zones more than 60 miles offshore. All our newbuildings are double-hulls and compliant with OPA ‘90.

OPA ‘90 expressly provides that individual states are entitled to enforce their own pollution liability laws, even if inconsistent with or imposing greater liability than OPA ‘90. There is no uniform liability scheme among the states. Some states have OPA ‘90-like schemes for limiting liability to various amounts and some rely on common law fault-based remedies, while others impose strict and unlimited liability on an owner or operator. Some states have also established their own requirements for financial responsibility.

CERCLA. CERCLA applies to discharges of hazardous substances (other than oil), whether on land or at sea. CERCLA applies to owners and operators of vessels and provides for cleanup, removal and natural resource damages. CERCLA’s liability regime is similar to that of OPA ‘90. We believe that we are in substantial compliance with OPA, CERCLA and all other applicable state and federal regulations applying to the waters of the United States and the ports where our vessels call.

National Pollutant Discharge Elimination System (“NPDES”). Commercial vessels operating in U.S. waters need to have an NPDES Vessel General Permit VGP for discharges to the water. The discharges eligible for coverage under the permit are routine discharges to the normal operation of a vessel. Examples of routine discharges to normal operation include deck runoff from routine deck cleaning & rain water, gray water discharges, bilge water from properly functioning oily water separators, and ballast water. Our vessels calling to U.S. ports have NPDES VGP permits.

MTSA. MTSA is intended to protect U.S. ports and waterways from a terrorist attack. It mandates that certain foreign-flagged vessels, such as liquefied natural gas (“LNG”) and oil tankers, entering U.S. waterways meet specific security requirements and comply with the International Ship and Port Security code. We believe that we are in substantial compliance with MTSA when entering U.S. waterways.

The International Maritime Organization (“IMO”). The IMO, an agency of the United Nations, is responsible for measures to improve international shipping and to prevent pollution from ships. The IMO has developed international treaties and conventions to regulate the international shipping industry which now apply to over 98% of the world’s shipping. The most important of these are mentioned below.

Convention on Civil Liability (“CLC”). Many countries other than the United States have ratified and follow the liability scheme adopted by the IMO and set out in CLC. Under CLC, a tanker’s registered owner is strictly liable for pollution damage caused in the territorial waters of a contracting state by a discharge of persistent oil, such as crude oil, fuel oil, heavy diesel oil and lubricating oil, subject to certain complete defenses, including pollution damage resulting from an act of war, caused by a third party, or caused by the negligence or wrongful act of a government responsible for the maintenance of lights or other navigational aids. CLC liability is currently limited to between approximately $950 and $990 per gross ton plus $7.0 million for the first 5,000 gross tons, an amount that is subject to periodic adjustment. The right to limited liability is forfeited only where pollution damage is caused by the owner’s personal act or omission committed with intent to cause such damage or recklessly and with knowledge that the damage would result. Tankers trading in the territorial waters of contracting states must provide evidence of insurance covering the maximum amount for which the owner is strictly liable. In jurisdictions where CLC has not been adopted, various legislative schemes or common law govern and liability is imposed on the basis of fault or in a manner similar to CLC.

MARPOL 73/78. Annex 1 of MARPOL 73/78 deals with the prevention of pollution from oil. MARPOL 73/78 provides stringent construction and operating standards to prevent the release of oil into the environment. Under the requirements of MARPOL 73/78, all new oil tankers built since 1996 are required to have double hulls. MARPOL 73/78 was modified following the Erika and Prestige incidents on the West Coast of Europe in 1999 and 2002, respectively. In 2002, new amendments came in to force to Annex 1 of MARPOL 73/78 that set a global timetable for the accelerated phase out of single hull tankers. These new regulations identify two categories of single hull tankers which are principally distinguished on the basis of whether they have protectively located segregated ballast tanks. Vessels fall into these categories if they are over 20,000 dwt carrying heavy oil and over 30,000 dwt carrying other oils. Category 3 tankers are tankers above 5,000 dwt but below the tonnage of category 1 and category 2 tankers. These older single hull tankers must undergo a Condition Assessment Scheme ("CAS") survey which applies to category 1 vessels continuing to trade up to 2005 and to category 2 vessels trading after 2010. However, these amendments have been over taken by the 2003 MARPOL amendments which came into force on April 5, 2005. These amendments accelerate the final phasing out of category 1 tankers to 2005 and category 2 and 3 tankers to 2010, although depending on the age of the ship, these dates can be earlier.

All our owned and finance leased tankers are double hulled vessels and all our tankers are fully compliant with MARPOL 73/78 Annex 1 Rules. This Convention has further annexes including Annex 2 Control of Pollution by Noxious Liquid Substances, Annex 4 Prevention of Pollution by Sewage and Annex 6, Prevention of Air Pollution from Ships. All our vessels are fully compliant with all requirements of the MARPOL 73/78 and its amendments.

Annex VI of MARPOL entered into force on May 19, 2005 and subsequent amendments that will enter into force on 1 July 2010. This annex sets limits on sulphur oxide and nitrogen oxide emissions from ship exhausts and prohibits deliberate emissions of ozone depleting substances. The sulphur content of fuel oil is today limited to 4.5% m/m globally with a decided global reduction to 3.5% by 2012 and a global reduction to 0.5% by 2020 or, subject a review in 2018, possibly deferred to 2025. Annex VI also contains provisions allowing for special SOx Emission Control Areas (SECAs) to be established with more stringent controls on sulphur emissions. In these areas, the sulphur content of fuel oil used onboard ships must not exceed 1.5% m/m until June 30, 2010; thereafter the sulphur content of the fuel must not exceed 1.0% until 2014. From 2015, the level is further lowered to 0.1% within SECAs. Through 2009, the English Channel, the North Sea and the Baltic are the only SECAs in the world, however U.S. and Canada are establishing an Emission Control Area along their coastlines, with planned adoption to IMO in March 2010. The additional cost of fuel to comply with the 0.1% regulation (2015) will be significant and for shipping operators in competition with land based transport alternatives, the regulation is feared to be negative in terms of transported freight volumes. Annex VI also sets limits on emissions of nitrogen oxides (NOx) from diesel engines and prohibits deliberate emissions of ozone depleting substances, which include halons and chlorofluorocarbons (CFCs). Annex VI also prohibits the incineration onboard ship of certain products, such as contaminated packaging materials and polychlorinated biphenyls (PCBs). Our fleet is in compliance with these new requirements.

EU Directive 2005/33/EC amends the Directive 1999/32/EC as regards the sulphur content of marine fuels and entered into force on July 6, 2005. The IMO regulations on sulphur content in marine fuels under MARPOL Annex VI have, to some extent, made Directive 2005/33/EC redundant, with some notable exceptions as to the requirement on sulphur content when at berth in a EU port. The EU Directive is therefore expected to be revised during 2009/2010.

International Convention for the Control and Management of Ships´ Ballast Water and Sediments (IMO 2004), includes technical standards and requirements which should be implemented in accordance to a time schedule. All new and existing ships will have to install ballast water treatment systems before 2016.

ICLL. ICLL, which entered into force on July 21, 1968, establishes principles and rules concerning the limits to which ships may be loaded for international voyages. The provisions take into account the potential for hazards in different maritime regions and seasonal operating conditions, and designate how, where and when assigned load lines are to be marked on each ship. Generally, the ICLL applies to all ships that are greater than 24 meters (79 feet) in length (for ships built since 1966) or greater than 150 tons gross, unless otherwise exempted by the terms of ICLL. Currently each of our ferries, freight vessels, and petroleum tankers, to which the ICLL is applicable, are operating under an International Load Line Certificate demonstrating that the vessel has been surveyed and marked in accordance with ICLL within the past five years.

SOLAS. SOLAS '74 establishes basic safety standards for the construction and operation of merchant ships engaged on international voyages (including our Roll-on/Roll-off vessels and tankers). SOLAS '74 has been ratified by more than 90 countries. SOLAS '74 provides safety standards for construction, machinery and electrical installations, life-saving appliances, radiotelegraphy and radiotelephony, navigation and the carriage of dangerous goods. SOLAS '74 puts the primary responsibility for compliance on the flag state, but there are provisions which recognize certain rights and obligations of countries where the ships call.

SOLAS '90 was adopted in 1990 to set new stability criteria for passenger carrying vessels. RoPax and car/passenger ferry vessels constructed after April 29, 1990 must be built to meet these and other requirements. RoPax and car/passenger ferry vessels that were constructed prior to April 29, 1990 were permitted to be retrofitted to comply with these SOLAS '90 regulations in stages. In accordance with the SOLAS convention held in November 1995, all such vessels must be in full compliance with SOLAS '90.

At the SOLAS '95 convention, several amendments to SOLAS and IMO resolutions were adopted concerning RoRo passenger vessel stability, arrangements of bow doors, operations, communications, lifesaving and search and rescue. In particular, Resolution No. 14, also known as the Stockholm Agreement, allows for regional agreements to establish specific stability requirements for RoPax and car/passenger ferry vessels. These regulations also require vessels to fulfill the SOLAS '90 damage stability standard, which had applied to all RoRo passenger ships built since 1990 and was extended to existing ships in accordance with an agreed phase-in program. All our RoPax and car/passenger ferry vessels are currently in full compliance with SOLAS '90 as well as the Stockholm Agreement.

Amendments to SOLAS '74 establish greater fire safety standards for existing RoPax and multi-purpose ferry vessels and newbuildings. Our owned vessels are in full compliance with these fire and safety regulations.

Further amendments adopted to SOLAS '74 in 2000 and 2002 stipulate, among other things, the fitting of an Automatic Identification System (AIS) and a Voyage Data Recorder (VDR) for ships engaged on international voyages. Additional security provisions adopted under SOLAS in December 2002 include mandatory compliance with the new International Ship and Port Facility Security Code (ISPS Code). Our operations are fully compliant with these requirements.

In May 1994, the International Code of Safety for High Speed Craft was added to SOLAS' 74, and entered into force under tacit acceptance as Chapter X of the SOLAS convention held on January 1, 1996. These regulations mandate a variety of safety measures including requirements pertaining to structural stability and fire prevention. The rapid pace of development in this sector of shipping led to additional revisions of the Code of Safety for High Speed Craft in 2000, which entered into force on July 1, 2002. High Speed Craft to which these regulations apply are required to obtain a safety certificate and a permit to operate. Our HSS ferries have been designed to be in compliance with these regulations and we have obtained applicable permits and certifications during operation of these vessels.

SOLAS was further amended in May 2006 (effective January 1, 2008) with respect to Long Range Identification and Tracking ("LRIT"). SOLAS regulation on LRIT establishes a multilateral agreement for sharing LRIT information, including the ship's identity, location and date and time of the position, for security and search and rescue purposes. The amendment contains a phased-in implementation schedule for ships constructed before the entry into force of the amendment. Our ships are in compliance with the LRIT implementation schedule.

Our drilling units are designed and constructed to meet all applicable rules and regulations for operation world-wide. Five of them are designed to operate in the harsh environments of the North Sea British sector and the North Sea Norwegian sector.

Finally, all our ships and our management companies comply with Chapter IX of the SOLAS convention entitled Management for the Safe Operation of Ships. This made the International Safety Management Code (ISM Code) mandatory and establishes safety management objectives which are to:

- provide for safe practices in ship operation in a safe working environment;
- establish safeguards against all identified risks; and
- continuously improve safety management skills of personnel, including preparing for emergencies.

The code requires a Safety Management System (SMS) to be established by the shipowner or manager who has responsibility for operating the ship and which establishes a policy for achieving the objectives. This includes providing the necessary resources and shore based support and a designated person ashore having direct access to the highest level of management. The code is documented and compiled in a safety management manual which is kept onboard the ship. Our vessels and management companies all are compliant with this code and are audited regularly to ensure that this remains the case.

Athens Convention. The Athens Convention has governed the liability of carriers for damage suffered by passengers carried on a seagoing vessel. The Athens Convention makes the carrier strictly liable for damage or loss suffered by a passenger if the incident causing the damage occurred during the carriage and was due to the fault or neglect of the carrier. However, the carrier may limit its liability unless the carrier acted with intent to cause such damage or recklessly and with knowledge that such damage would probably result.

The Athens Convention and the limits have been substantially altered and increased by the 2002 Protocol to the Athens Convention. The carrier is now strictly liable for the death or personal injury to a passenger with limited defenses if the carrier can prove that the incident resulted from an act of war, hostilities, civil war, insurrection or a natural phenomena of an exceptional, inevitable and irresistible character or thoroughly caused by an act of omission done with intent to cause the incident by a third party. However, if the incident occurred as a result of the fault or neglect of the carrier then the limit is increased from approximately $395,000 per passenger on each distinct occasion to approximately $632,000 per passenger (exact amounts are determined by the applicable daily conversion rate of USD to Special Drawing Rights (SDRs), the unit of account used for liability under the Athens Convention), provided that if the carrier is responsible for an act or omission with intent to cause damage or recklessly and with knowledge that damage would result, then the right to the limit is lost. A scheme of compulsory insurance has been introduced by the Athens Convention to ensure that the carrier can meet these potential liabilities.

HNS Convention. The International Convention on Liability and Compensation for Damage in Connection with the Carriage of Hazardous and Noxious Substances ("HNS") 1996 is likely to come into force in the medium term. The liability aspects of HNS are based on the CLC by establishing a regime of strict liability and the registered shipowner's right to limit liability. However, the HNS goes further than the CLC in that it covers not only pollution damage, but also the risks of fire and explosion including loss of life or personal injury as well as loss or damage to property. HNS substances include oil, liquefied gases and other dangerous, hazardous or harmful materials. The present limits of liability are between U.S. $500 and U.S. $2,000 per gross ton though it is likely that these limits will increase once HNS is ratified and comes into force.

Employees

The chart below sets forth the average number of employees in each of our principal business areas for the three years ended December 31, 2009.

	2007	2008	2009
Ferry operations	5,710	5,778	5,798
Drilling	755	968	1,002
Shipping	738	842	817
Property operations	261	279	286
New businesses Adactum	968	1,791	2,253
Other	87	84	80
Total	8,519	9,742	10,236

In addition to the employees referred to above, NMM employed approximately 4,800 persons in 2009 in external ship management services, as compared to 4,816 persons in 2008 and 4,842 persons in 2007.

We have good relations with our work force and the labor unions representing our employees.

Legal proceedings

In August 2007, Transocean Offshore Deepwater Drilling Inc. ("Transocean") brought a patent infringement suit against Stena Drilling Limited ("Stena Drilling") in the United States District Court for the Southern District of Texas ("the Texas Action"). Transocean alleged that Stena Drilling infringed four U.S. patents owned by Transocean by virtue of certain acts of selling and/or offering for sale the Stena DrillMAX I and III vessels. In September 2007, Stena Drilling answered Transocean's complaint and filed a motion to dismiss the Texas Action on jurisdictional grounds. In May 2008, Stena Drilling's motion to dismiss the Texas Action was granted and Transocean's claims against Stena Drilling were dismissed for lack of jurisdiction.

In November 2008, Transocean filed a second patent infringement suit against Stena Drilling in the United States District Court for the Southern District of Texas (the "second Texas Action"), originally naming Stena Drilling, Stena DrillMAX Limited and Stena DrillMAX III Limited as defendants, and later adding Stena DrillMax I Limited and Stena DrillMax I (Hungary) Kft as additional defendants (the "Stena Defendants"). In the second Texas Action, Transocean alleges that the Stena Defendants infringed four U.S. patents owned by Transocean by virtue of certain acts of selling, offering for sale and/or using the DrillMAX I vessel in the United States and selling and/or offering for sale the DrillMAX III vessel within the United States. The Stena Defendants answered Transocean's complaint in the second Texas Action in December 2008 and July 2009 by alleging non-infringement, invalidity and unenforceability of Transocean's patent claims. Stena DrillMAX III Limited ("Stena III") also filed a motion to dismiss Transocean's claims against it on jurisdictional grounds, which was denied. The second Texas Action has been administratively stayed since August 2009, pending a ruling of a Federal appeals court in another case involving Transocean and a third party and the same patents in which the lower court found the four Transocean patents to be invalid.

We believe it is highly unlikely that any unfavorable outcome in this case will materially impact Stena Drilling's ability to perform its obligations under the current charter contracts for the DrillMAX vessels.

We are also a party to various routine legal and regulatory proceedings arising in the ordinary course of business. Such claims are generally covered by insurance, subject to customary deductibles. We do not believe that any liabilities that may result from such legal proceedings will, in the aggregate, have a material adverse effect on our financial condition or results of operations.

Management

Directors and executive officers

Under the Swedish Companies Act of 2005, our board of directors has ultimate responsibility for our organization and the management of our affairs. Our Articles of Association provide for a board of directors elected by our shareholders of not fewer than three nor more than nine directors and not more than three deputy directors. Swedish law provides for the appointment of additional directors by the unions representing our employees. All directors, other than union appointees, are elected by resolution of a general meeting of shareholders. The term of office of a director is one year, but a director may serve any number of consecutive terms. Directors may be removed from office by a general meeting of shareholders at any time, and vacancies on the board, except when filled by a deputy director, may only be filled by shareholder resolution. Each year, one director is elected chairman of the board by resolution of a meeting of the board of directors. Deputy directors may attend the board meetings, but may only vote in place of a director who is absent.

The following table sets forth the name, year of birth and position of each of our directors and executive officers as of December 31, 2009.

Name	Year born	Title
Lennart Jeansson	1941	Chairman of the Board of Directors
Dan Sten Olsson	1947	Chief Executive Officer and Director(1)
Sune Carlsson	1941	Director
Åke Plyhm	1951	Director
Anne-Marie Pouteaux	1951	Director
Jörgen Lorén	1961	Director (Employee Representative)
Jens Ole Hansen	1951	Director (Employee Representative)
Pia Carlsson	1969	Deputy Director (Employee Representative)

(1) For details of Mr. Dan Sten Olsson's share ownership, see section "Principal Shareholders."

Certain biographical information about each of our directors and executive officers and certain other key employees of Stena AB is set forth below.

Lennart Jeansson was appointed chairman of the board of Stena AB in 2000. Mr. Jeansson also serves as a director on the board of Stena Metall. Mr. Jeansson is chairman of the boards of BIL Sweden, Haléns Holding, Handel & Industri AB, the Volvo Pensionsstiftelse and chairman of Sixth Swedish National Pension Fund. Mr. Jeansson also serves as director of Volvo Lastvagnar AB, Volvo Construction Equipment and Orkla ASA. Mr Jeansson is a member of the Swedish Council for the Sale of Shares in State-owned Companies.

Dan Sten Olsson has served as chief executive officer and a director of Stena AB since 1983. Mr. Olsson also serves as member or chairman of the board of a majority of the main companies in the Stena Sphere. Mr. Olsson is also Chairman of the Board of the Swedish Ship Owner's Association. Mr. Olsson has been employed by Stena AB since 1972.

Sune Carlsson has served as a director of Stena AB since June 2008. Mr. Carlsson is a former President and CEO of AB SKF and Executive Vice President of ASEA AB and ABB Ltd. Mr. Carlsson is chairman of the board of Atlas Copco AB and also serves as a director of Investor AB and Autoliv Inc.

Åke Plyhm has served as a director of Stena AB since June 2008. Mr. Plyhm also serves as a member of the board of directors of Stena Line Holding BV. Mr Plyhm is chairman of the board of Aditro AB and SentoClone and also serves as a director of the board of Saab Combitech AB, ITH/Immune Therapy Holdings and Litorina Holding AB. Mr Plyhm is a member of the board of the Swedish Enterprise Federation.

Anne-Marie Pouteaux has served as a director of Stena AB since February 2008. Mrs. Pouteaux is a partner of Wistrand Advokatbyrå Göteborg KB and is also a member of the board of directors of Stena Bulk AB.

Jörgen Lorén has served as a director of Stena AB, representing Stena AB employees affiliated with the Swedish Ship Officers' Association, since 2006. Mr. Lorén is a Master Mariner and has been employed in our ferry operations since 1985.

Jens Ole Hansen has served as a director of Stena AB, representing Stena AB employees affiliated with the Swedish Seamen's Union, since 1992. Mr. Hansen is a boatswain and has been employed in our ferry operations since 1974.

Pia Carlsson has served as a deputy director of Stena AB, representing Stena AB employees affiliated with the Swedish Union of Commercial Employees, since 2009. Ms. Carlsson is a freight forwarding agent and has been employed in our ferry operations since 1990.

The registered office of the members of our board of directors is in the Commune of Gothenburg, Vastra Gotaland County, Sweden.

Other Key Employees

Christel Armstrong Darvik (born 1953) has served as Managing Director of Stena Fastigheter AB since October 1, 2006. She is a member of the board of directors of Stena Realty BV and Specialfastigheter Sverige AB. Mrs. Armstrong Darvik has been employed in the Stena Sphere since 2006.

Gunnar Blomdahl (born 1955) has served as Managing Director of Stena Line Holding B.V. since January 2003. He has held a number of senior management positions at Stena Line since 1997, including as Area Director in charge of Stena Line's Irish Sea operations from 2001 to 2003.

Peter Claesson (born 1965) has served as Director of Finance of Stena AB since January 1, 2008. Mr. Claesson is a member of the board of directors of many of our companies, Meda and of the mutual insurer The Swedish Club. Mr. Claesson has been employed in the Stena Sphere since 2008.

Claes Davidsson (born 1950) has served as Director of Ship Management and HR since 2003. Mr. Davidsson also serves as chairman of NMM in Glasgow, Scotland and of Austen Maritime PTE Ltd., Singapore. Mr. Davidsson has been employed in the Stena Sphere since 1983.

Staffan Hultgren (born 1961) has served as Vice President and Deputy CEO of Stena AB since January 1, 2010. Previously he served as Director of Business Administration and principal financial officer of Stena AB. Mr. Hultgren is a member of the board of directors of many of our companies. Mr. Hultgren has been employed in the Stena Sphere since 2004.

Hugh Ferguson (born 1954) has served as Managing Director of NMM since January 1, 2010. From 2007 to 2009 he served as General Manager of NMM. Mr. Ferguson is a member of the board of directors of several of our companies. Mr. Ferguson has been employed in the Stena Sphere since 1984.

Harry Robertsson (born 1956) has served as Technical Director of Stena Rederi since 1999. Mr. Robertsson has worked in the technical department of Stena Rederi since 1996. From 1984 to 1996 he held positions in a shipyard and in marine consultancy firms.

Ulf Ryder (born 1952) has served as Managing Director of Stena Bulk since 1983 and as a director of Stena Bulk since 1982. Mr. Ryder is a member of the board of directors of several of our companies. Mr. Ryder has been employed in the Stena Sphere since 1982.

Bo Severed (born 1955) has served as Managing Director of Stena RoRo since 2008. Mr. Severed is a member of the board of directors of several of our companies. He was a member of the board of Stena Line Holding BV from 1998 to 2008. Mr. Severed has held various executive positions within Stena Line including Managing Director from 1998 and 2003. Mr. Severed was employed in the Stena Sphere during the majority of the years 1988 to 2003 and then rejoined the Stena Sphere in 2008.

Martin Svalstedt (born 1963) has served as Managing Director of Adactum since 2002. Mr. Svalstedt also serves as chairman of Ballingslöv International AB, Envac AB, Gunnebo AB (publ), MediaTec and Stena Renewable and as board member in Gislaved Folie AB and Stena Adactum.

Tom Welo (born 1947) has served as Managing Director of Stena Drilling Ltd. since 1995. Mr. Welo is a member of the board of directors of several of our companies.

Compensation of Directors

For the year ended December 31, 2009, the aggregate compensation paid by Stena AB to its directors (a total of eight persons) amounted to approximately SEK 14 million.

Options

No options exist to purchase securities from us.

Audit Committee

Following a decision by the board on December 20, 2006, we established an audit committee. At the same time, the board approved the charter for the audit committee.

Lennart Jeansson (chairman of the board of Stena AB), John Lindkvist (Chief Financial Officer of Stena Metall AB), Staffan Hultgren (Vice President and Deputy CEO of Stena AB) and Anne-Marie Pouteaux (external counsel to the Company and member of the board of Stena AB) are members of the audit committee. Mr. Lennart Jeansson acts as chairman of the audit committee.

Pursuant to the charter, the overall objectives and responsibilities of the audit committee are to assist the board in fulfilling its oversight responsibility relating to the Company's accounting matters, the system of internal controls, the management's monitoring and controlling of business risks, corporate governance activity and legal and regulatory requirements to the extent applicable to financial matters.

The audit committee is appointed by and can be removed by the board of directors and shall have at least three meetings per year.

Principal shareholders

All of the issued and outstanding voting shares of Stena AB were owned as follows as of December 31, 2009:

Name of beneficial owner	Number of shares	Percentage ownership
Dan Sten Olsson..	25,500	51.0%
Madeleine Olsson Eriksson..	12,250	24.5%
Stefan Sten Olsson Holding Ltd	12,250	24.5%

The shares listed above comprise the only issued capital of the Stena AB and are fully paid up. The holders listed above have sole voting and investment power over the shares beneficially owned by them. Dan Sten Olsson and Madeleine Olsson Eriksson are brother and sister. Stefan Sten Olsson Holding Ltd. is a company incorporated in the British Virgin Islands whose sole shareholder is the Stena Trust. The settlor and sole beneficiary of the Stena Trust is Mr. Stefan Sten Olsson. Stefan Sten Olsson is the brother of Dan Sten Olsson and Madeleine Olsson Eriksson.

Dan Sten Olsson is the only officer or director of Stena AB who owns any voting shares of Stena AB. All shares of Stena AB have the same voting rights.

Our Articles of Association contain a restriction on the transfer of our shares. Pursuant to the articles, a person who was not previously a shareholder and to whom shares have been transferred (except in the case of a transfer of shares through inheritance, will or gift to lineal descendants of Sten A. Olsson and the late Birgit Olsson) is obligated to offer such shares to the other shareholders. If any person other than the current shareholders of Stena AB as of December 30, 1993 or lineal descendants of Sten A. Olsson and the late Birgit Olsson acquires 48% or more of the voting power of Stena AB, then the remaining shareholders have the right to put all or a part of their shares to such shareholder at a price equal to the highest price per share paid by such shareholder. Under the Articles of Association, a vote of at least 75% of shares represented at the annual general meeting of our shareholders is required to amend this put provision. In addition, under the Swedish Companies Act, shareholder resolutions in the ordinary course of business require the vote of a majority of shares voting thereon, and extraordinary items (including amendments to the Articles of Association other than the amendment to the put option described above) require support by shareholders holding at least two-thirds of the votes cast as well as two-thirds of all shares present or represented at the shareholders meeting. Holders of at least 10% of the outstanding shares have the right to require us to pay dividends within certain statutory parameters.

Certain relationships and related party transactions

Related party transactions

We have entered into various transactions with other companies in the Stena Sphere, which includes the companies wholly owned by the Sten Allan Olsson family in Sweden, Sessan and Stena Metall and their subsidiaries. Another significant company within the Stena Sphere is Concordia which is 52% owned by Sessan. Shares in Concordia are listed on Nasdaq OMX Stockholm. The significant transactions between the Company and its affiliates are described below.

Concordia

Concordia and the Company (indirectly through Stena Bulk AB, a wholly owned subsidiary of the Company) are parties to an allocation agreement (the "Allocation Agreement") pursuant to which Concordia may elect to participate 100%, 50% or not to participate in business opportunities identified by Stena Bulk relating to the chartering of crude oil tankers. No allocations were made in 2007, 2008 or 2009. The net outcome of the agreement, including results of forward contracts, was SEK 0 million in each of the years 2007, 2008 and 2009.

We provide certain services to Concordia such as administration, marketing, commercial management, insurance and technical support for Concordia's owned and chartered vessels, including administration of jointly chartered vessels, offices and office services for Concordia's personnel and certain financial and other services. We earned fees for these services of SEK 25 million in each of the years 2007 and 2008, respectively, and SEK 34 million in 2009.

Sessan

Since June 1999, we have served as the business manager of Sessan for its 50% participation in a Norwegian partnership that owns the shuttle tanker Stena Sirita, which is chartered pursuant to a 10-year contract to ESSO Norway. In 2003, we also became the business manager of Sessan for its 50% participation in the shuttle tanker Stena Spirit, which is chartered pursuant to a 10-year contract to Petrobras in Brazil. We earned total fees for these services of SEK 1.5 million in each of the years 2007, 2008 and 2009.

In 2001 and 2002, Sessan acquired all shares in the shipping company HH-Ferries in the south of Sweden. The acquisition was partly financed by an interest bearing credit facility from us. As of December 31, 2007, DKK 219 million was outstanding under this facility. In October, 2008, HH Ferries was acquired by Stena Line. The purchase price was SEK 61 million and at the same time the loan was repaid.

In December 2002, we sold the remaining 50% of the RoPax vessel *Stena Jutlandica* to Sessan who acquired the first 50% of this vessel from us in 1996. The vessel is chartered back under an operating lease, for which we paid charterhire of SEK 59 million in each of the years 2007 and 2008, respectively, and SEK 45 million in 2009.

Sessan has invested in shares in Meda. In 2008, there was a new share issue in the amount of SEK 1,511 million. Stena AB guaranteed the new share issue. The new share issue was oversubscribed and Stena AB did not need to honor its guarantee. However, Stena Investment Cyprus acquired 11,191,939 shares (3.7% of the votes) in Meda for SEK 392 million. Sessan had an option to acquire these shares at a minimum price of SEK 38.50 per share, which was settled with a cash payment of SEK 165 million.

In 2009, we acquired a company, which owned three office buildings in Houston, from Sessan for SEK 179 million.

Stena Metall

We purchase a substantial part of our bunker fuel from Stena Metall. Such purchases aggregated SEK 1,781 million, SEK 3,012 million and SEK 1,941 million in 2007, 2008 and 2009, respectively.

We paid charterhire for vessels to Stena Metall at an amount of SEK 89 million for 2007 and of SEK 139 million for 2008. There were no charters in 2009.

We provide management and other services to Stena Metall. We received SEK 1 million in each of the years 2007, 2008 and 2009 for these services.

In 2007, two vessels, *Stena Carrier* and *Mont Ventoux*, were sold to Stena Metall at market value and chartered back under operational leases.

In December 2008, we acquired the vessels *Stena Nordica*, *Stena Freighter*, *Stena Carrier* and *Mont Ventoux* from Stena Metall at market value for a total of SEK 1,443 million. The consideration was paid through (i) the issuance of a loan note of SEK 682 million, bearing interest at market rate and maturing on August 31, 2010, and (ii) the assumption by us of the outstanding bank loans relating to the acquired assets for a total amount of SEK 761 million,

Olsson Family

We rent office space from members of the Olsson family. In each of the years 2007, 2008 and 2009, we paid SEK 40 million, SEK 45 million and SEK 39 million, respectively, in respect of such properties.

We manage certain properties owned by members of the Olsson family. In each of the years 2007, 2008 and 2009, members of the Olsson family paid us SEK 12 million, SEK 12 million and SEK 13 million, respectively, for such management services.

We have agreed to pay Sten A. Olsson and Dan Sten Olsson an annual indexed retirement benefit for life.

Description of notes

The issuance of the notes was authorized by a resolution of the Board of Directors of the Company passed on March 10, 2010. The Company issued the notes under the Indenture dated January 16, 2010, among itself, Deutsche Trustee Company Limited as trustee (the "Trustee"), Deutsche Bank AG, London Branch, as Principal Paying Agent, and Deutsche Bank Luxembourg S.A., as Registrar, Transfer and Luxembourg Paying Agent. The Indenture is unlimited in aggregate principal amount, although the issuance of notes in this offering will be limited to € 200 million. We may issue an unlimited principal amount of additional notes having identical terms and conditions as the notes other than issue date, issue price and the first interest payment date (the "Additional Notes"). We will only be permitted to issue such Additional Notes if at the time of such issuance, we are in compliance with the covenants contained in the Indenture. Any Additional Notes will be part of the same issue as the notes that we are currently offering and will vote on all matters with the holders of the notes.

This description of notes is intended to be an overview of the material provisions of the notes and the Indenture. Refer to the Indenture for a complete description of the obligations of the Company and your rights.

You will find the definitions of capitalized terms used in this description under the heading "Certain definitions." For purposes of this description, references to "the Company", "we", "our" and "us" refer only to Stena AB (publ) and not to its subsidiaries. Any defined terms used in this description but not defined herein have the meanings assigned to them in the Indenture.

General

The notes

The notes:

- are general unsecured, senior obligations of the Company;
- are limited to an aggregate principal amount of € 200 million, subject to our ability to issue Additional Notes;
- mature on March 15, 2020;
- will be issued in minimum denominations of € 50,000 and integral multiples of € 1,000 in excess thereof;
- will be represented by one or more registered notes in global form, but in certain circumstances may be represented by notes in definitive form; and
- rank equally in right of payment to any future senior Indebtedness of the Company.

Interest

Interest on the notes will compound semi-annually and:

- accrue at the rate of 7.875% per annum;
- accrue from the date of original issuance or, if interest has already been paid, from the most recent interest payment date;
- be payable in cash semi-annually in arrears on March 15 and September 15, commencing on September 15, 2010;
- be payable to the holders of record on the March 1 and September 1 immediately preceding the related interest payment dates; and
- be computed on the basis of a 360-day year comprised of twelve 30-day months.

Payments on the notes; paying agent and registrar

We will pay principal of, premium, if any, and interest on the notes at the office or agency designated by the Company in London, England, except that we may, at our option, pay interest on the notes by check mailed to holders of the notes at their registered address as it appears in the Registrar's books. We have initially designated Deutsche Bank AG, London Branch to act as Principal Paying Agent and Deutsche Bank Luxembourg S.A. as Luxembourg Paying Agent and Registrar for the notes. We may, however, change the Paying Agent or Registrar without prior notice to the holders of the notes, and the Company or any of its Restricted Subsidiaries may act as Paying Agent or Registrar. If notes are issued in definitive form, and for so long as the notes are listed on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, the Company will appoint a Person located in Luxembourg and reasonably acceptable to the Trustee as an additional paying agent for the notes and the Company will publish a notice of any change of Paying Agent or Registrar in a leading newspaper having a general circulation in Luxembourg or, to the extent and in the manner permitted by the rules of the Luxembourg Stock Exchange, post such notice on the official website of the Luxembourg Stock Exchange.

We will pay principal of, premium, if any, and interest on, notes in global form registered in the name of or held by the Common Depositary or its nominee in immediately available funds to the Common Depositary or its nominee, as the case may be, as the registered holder of such global note.

Claims against the Company for payment of principal, interest and Additional Amounts, if any, on the Notes will become void unless presentment for payment is made (where so required under the Indenture) within, in the case of principal and Additional Amounts, if any, a period of ten years or, in the case of interest, a period of five years, in each case from the applicable original date of payment therefor.

Transfer and exchange

A holder may transfer or exchange notes in accordance with the Indenture. The Registrar and the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents. No service charge will be imposed by the Company, the Trustee or the Registrar for any registration of transfer or exchange of notes, but the Company may require a holder to pay a sum sufficient to cover any transfer tax or other governmental taxes and fees required by law or permitted by the Indenture. The Company is not required to transfer or exchange any note selected for redemption. Also, the Company is not required to transfer or exchange any note for a period of 15 days before a selection of notes to be redeemed.

The registered holder of a note will be treated as the owner of it for all purposes.

Make-whole redemption

The notes may be redeemed, in whole or in part, at any time at the option of the Company upon not less than 30 nor more than 60 days' prior notice, at a redemption price equal to 100% of the principal amount of the notes redeemed plus the Applicable Premium and accrued and unpaid interest, if any, to, but not including, the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

For purposes of this make-whole redemption, "Applicable Premium" means, with respect to any note on the applicable redemption date, the greater of:

(1) 1.0% of the then outstanding principal amount of such note and

(2) the excess (to the extent positive) of:

- (a) the present value at such redemption date of (i) the principal amount of such note plus (ii) all required interest payments due on such note to and including March 15, 2020 (excluding accrued but unpaid interest), computed using a discount rate equal to the Bund Rate as of such redemption date plus 50 basis points, over
- (b) the then-outstanding principal amount of such note.

For purposes of this make-whole redemption, "Bund Rate" means the yield-to-maturity at the time of computation of direct obligations of the Federal Republic of Germany (*Bunds or Bundesanleihen*) with a constant maturity (as officially compiled and published in the most recent financial statistics that have become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected by the Company in good faith)) most nearly equal to the period from the redemption date to March 15, 2020; *provided*, *however*, that if the period from the redemption date to March 15, 2020 is not equal to the constant maturity of a direct obligation of the Federal Republic of Germany for which a weekly average yield is given, the Bund Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of the Federal Republic of Germany for which such yields are given, except that if the period from such redemption date to March 15, 2020 is less than one year, the weekly average yield on actually traded direct obligations of the Federal Republic of Germany adjusted to a constant maturity of one year shall be used.

Optional tax redemption

The notes may be redeemed at the option of the Company, in whole but not in part, upon not less than 30 nor more than 60 days' notice given as provided in the Indenture, at any time at a redemption price equal to the principal amount thereof plus accrued interest to the date fixed for redemption if, as a result of any change in or amendment to the laws or any regulations or ruling promulgated thereunder of any Relevant Taxing Jurisdiction or Additional Taxing Jurisdiction or any change in the official application or interpretation of such laws, regulations or rulings, or any change in the official application or interpretation of, or any execution of or amendment to, any treaty or treaties affecting taxation to which such Relevant Taxing Jurisdiction or Additional Taxing Jurisdiction is a party (a "Change in Tax Law"), which becomes effective (i) in the case of any Change in Tax Law of the Relevant Taxing Jurisdiction, on or after the date of the Indenture or (ii) in the case of any Change in Tax Law of any Additional Taxing Jurisdiction, on or after the date such jurisdiction becomes an Additional Taxing Jurisdiction, the Company is or would be required on the next succeeding Interest Payment Date to pay additional amounts with respect to the notes as described under "Payment of additional amounts," and the payment of such additional amounts cannot be avoided by the use of any reasonable measures available to the Company, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company would be required to pay such additional amounts.

For tax purposes, the Company believes that it is not currently resident in any jurisdiction other than the Kingdom of Sweden.

The notes may also be redeemed at the option of the Company, in whole but not in part, upon not less than 30 nor more than 60 days' notice given as provided in the Indenture at any time at a redemption price equal to the principal amount thereof plus accrued interest to the date fixed for redemption if the Person formed by a consolidation or amalgamation of the Company or into which the Company is merged or to which the Company conveys, transfers or leases its properties and assets substantially as an entirety, or that succeeds to all of the Company's rights and obligations under the notes and the Indenture pursuant to any scheme of arrangement or other transaction, is or would be required, as a consequence of such consolidation, amalgamation, merger, conveyance, transfer, lease, scheme of arrangement or other transaction or as a consequence of a Change in Tax Law occurring after the date of such consolidation, amalgamation, merger, conveyance, transfer, lease, scheme of arrangement or other transaction, to pay additional amounts (as described under "Payment of additional amounts" below) on the next succeeding Interest Payment Date in respect of any tax, assessment or governmental charge imposed on any holder.

The Company will also pay, or make available for payment, to holders on the redemption date any additional amounts (as described under "Payment of additional amounts" below) resulting from the payment of such redemption price.

Prior to giving notice of an optional tax redemption, the Company will deliver to the Trustee (1) an Officer's Certificate stating that the Company is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Company so to redeem have occurred and (2) an Opinion of Counsel qualified under the laws of the Relevant Taxing Jurisdiction to the effect that the Company has or will become obligated to pay such additional amounts as a result of a Change in Tax Law, and that the Company cannot avoid such obligation by taking reasonable measures available to it.

The Revolving Credit Facilities restrict the ability of the Company to optionally redeem the notes (whether in the event of a Change in Tax Law or otherwise). See "Description of other indebtedness."

Payment of additional amounts

All payments made by or on behalf of the Company on the notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature unless such withholding or deduction is then required by law. If any deduction or withholding for any present or future taxes, duties, assessments or other governmental charges of (1) the jurisdiction (or any political subdivision or taxing authority thereof or therein) in which the Company is organized or otherwise considered resident for tax purposes or (2) any jurisdiction from or through which payment on the notes is made, or any political subdivision or governmental authority thereof or therein having the power to tax (each of clause (1) and (2), a "Relevant Taxing Jurisdiction"), shall at any time be required by such jurisdiction (or any such political subdivision or taxing authority) in respect of any amounts to be paid by the Company under the notes, the Company will pay such additional amounts as may be necessary in order that the net amounts received by such holder of such note, after such deduction or withholding, shall be equal to the amount such holder would have received in respect of such payment in the absence of such withholding or deduction; *provided*, *however*, the Company shall not be required to make any payment of additional amounts for or on account of:

(i) any tax, duty, assessment or other governmental charge which would not have been imposed, deducted or withheld but for (a) the existence of any present or former connection between such holder (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of a power over, such holder, if such holder is an estate, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction (including being a citizen or resident or national of, or carrying on a business or maintaining a permanent establishment in the Relevant Taxing Jurisdiction) other than by the mere ownership or holding of such note or enforcement of rights thereunder or the receipt of payments in respect thereof or (b) the presentation of a note (where presentation is required) for payment on a date more than 30 days after (x) the date on which such payment became due and payable or (y) the date on which payment thereof is duly provided for, whichever occurs later (except to the extent that the holder would have been entitled to additional amounts had the note been presented during such 30 day period);

(ii) any estate, inheritance, gift, sale, transfer, personal property or similar tax, duty, assessment or other governmental charge;

(iii) any tax, duty, assessment or other governmental charge which is payable otherwise than by withholding from payment of (or in respect of) principal of, premium, if any, or any interest on, notes;

(iv) any tax, duty, assessment or other governmental charge that is imposed, deducted or withheld by reason of the failure by the holder of the note to comply with a request of the Company (a) to provide information, documents or other evidence concerning the nationality, residence or identity of the holder or (b) to make and deliver any declaration or other similar claim (other than a claim for refund of a tax, duty, assessment or other governmental charge withheld by the Company) or satisfy any information, certification, identification or reporting requirements, which, in the case of (a) or (b), is required or imposed by a statue, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from all or part of such tax, duty, assessment or other governmental charge;

(v) any withholding or deduction imposed on a payment to an individual and required to be made pursuant to the European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000 on the taxation of savings income, or any law implementing or complying with, or introduced to conform to, these Directives;

(vi) any tax, duty, assessment or other governmental charge that could have been avoided by the presentation (where presentation is required) by or on behalf of a holder of the relevant note to another Paying Agent in a member state of the European Union; or

(vii) any combination of items (i), (ii), (iii), (iv), (v) and (vi) above;

nor shall additional amounts be paid with respect to any payment of the principal of, or any premium or interest on, any note to any holder who is a fiduciary or partnership or limited liability company or other than the sole beneficial owner of such payment to the extent that a beneficiary or settlor with respect to such fiduciary or a member of such partnership, limited liability company or beneficial owner who would not have been entitled to such additional amounts had it been the holder of such note.

At least 10 days prior to each date on which any payment under or with respect to the notes is due and payable (unless such obligation to pay additional amounts arises shortly before or after the 10th day prior to such date, in which case it shall be promptly thereafter), if the Company will be obligated to pay additional amounts with respect to such payment, the Company will deliver to the Trustee an Officers' Certificate stating the fact that such additional amounts will be payable, the amounts so payable and such other information necessary to enable the Trustee to pay such additional amounts to holders on the payment date. Each such Officers' Certificate shall be relied upon until receipt of a further Officers' Certificate addressing such matters.

The Indenture will further provide that, if the Company conducts business in any jurisdiction (an "Additional Taxing Jurisdiction") other than a Relevant Taxing Jurisdiction and, as a result, is required by the law of such Additional Taxing Jurisdiction to deduct or withhold any amount on account of taxes imposed by such Additional Taxing Jurisdiction from payments under the notes, as the case may be, which would not have been required to be so deducted or withheld but for the conduct of business in such Additional Taxing Jurisdiction, the additional amounts provision (including exclusions from the obligation to pay additional amounts) described above shall be considered to apply to such holders as if references in such provision to taxes included taxes imposed by way of deduction or withholding by any such Additional Taxing Jurisdiction (or any political subdivision thereof or taxing authority therein).

Wherever in the Indenture, the notes or this description of the notes there is mentioned, in any context:

(1) the payment of principal,

(2) purchase prices in connection with a purchase of notes,

(3) interest, or

(4) any other amount payable on or with respect to the notes,

such reference shall be deemed to include payment of additional amounts as described under this heading to the extent that, in such context, additional amounts are, were or would be payable in respect thereof.

The foregoing obligations will survive any termination, defeasance or discharge of the Indenture and will apply *mutatis mutandis* to any jurisdiction in which any successor to a Company is organized or any political subdivision or taxing authority or agency thereof or therein.

Under Swedish law as applied and interpreted on the date of this Offering Memorandum and as more fully described in "Certain tax considerations—Swedish taxation":

(i) the Company generally is not required to pay withholding tax in respect of the notes held by non-residents of Sweden;

(ii) non-resident holders of notes generally will not be subject to estate duty or inheritance tax in respect of the notes in Sweden; and

(iii) a non-resident holder of notes who sells the notes generally will not be subject to Swedish capital gains tax.

Ranking

The notes will be general unsecured obligations of the Company that rank senior in right of payment to all existing and future Indebtedness that is expressly subordinated in right of payment to the notes. The notes will rank equally in right of payment with all existing and future liabilities of the Company that are not so subordinated and will be effectively subordinated to all of our secured Indebtedness and liabilities of our Subsidiaries.

Change of control

If a Change of Control occurs, each holder will have the right to require the Company to repurchase all or any part (equal to € 50,000 or an integral multiple of € 1,000 in excess thereof) of such holder's notes at a purchase price in cash equal to 101% of the principal amount of the notes plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date) (the "Change of Control Payment").

Within 30 days following any Change of Control, the Company will mail a notice (the "Change of Control Offer") to each holder, with a copy to the Trustee, stating:

(1) that a Change of Control has occurred and that such holder has the right to require the Company to purchase such holder's notes at a purchase price in cash equal to the Change of Control Payment;

(2) the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "Change of Control Payment Date"); and

(3) the procedures determined by the Company, consistent with the Indenture, that a holder must follow in order to have its notes repurchased.

On the Change of Control Payment Date, the Company will, to the extent lawful:

(1) accept for payment all notes or portions of notes (in minimum denominations of € 50,000 or integral multiples of € 1,000 in excess thereof) properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all notes or portions of notes so tendered; and

(3) deliver or cause to be delivered to the Trustee the notes so accepted together with an Officers' Certificate stating the aggregate principal amount of notes or portions of notes being purchased by the Company.

The Paying Agent will promptly mail to each holder of notes so tendered the Change of Control Payment for such notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each holder a new note equal in principal amount to any unpurchased portion of the notes surrendered, if any; *provided* that each such new note will be in a minimum principal amount of € 50,000 or an integral multiple € 1,000 in excess thereof.

If the Change of Control Payment Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest, if any, will be paid to the Person in whose name a note is registered at the close of business on such record date, and no additional interest will be payable to holders who tender pursuant to the Change of Control Offer.

The Change of Control provisions described above will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the holders to require that the Company repurchase or redeem the notes in the event of a takeover, recapitalization or similar transaction.

The Company will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all notes validly tendered and not withdrawn under such Change of Control Offer.

The Company will comply, to the extent applicable, with the requirements of any applicable securities laws or regulations in connection with the repurchase of notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations conflict with provisions of the Indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations described in the Indenture by virtue of the conflict.

The Company's ability to repurchase notes pursuant to a Change of Control Offer may be limited by a number of factors. The occurrence of the events that constitute a Change of Control also would likely trigger the obligation to repay all amounts outstanding under the Company's existing revolving credit facility. In addition, certain events that may constitute a change of control under that revolving credit facility and trigger repayment of the revolving credit facility would not constitute a Change of Control under the Indenture. Future Indebtedness of the Company and its Subsidiaries may also contain prohibitions of certain events that would constitute a Change of Control or require such Indebtedness to be repaid upon the occurrence of change of control events that may or may not correspond to the definition of Change of Control under the Indenture. Moreover, the exercise by the holders of their right to require the Company to repurchase the notes could cause a default under such Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Company. Finally, the Company's ability to pay cash to the holders upon a repurchase may be limited by the Company's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases.

Even if sufficient funds were otherwise available, the terms of the Company's existing revolving credit facility do, and future Indebtedness may, limit the Company's ability to prepay notes before their scheduled maturity. Consequently, the Company may be unable to fulfill its repurchase obligations if holders of notes exercise their repurchase rights following a Change of Control, resulting in a default under the Indenture. A default under the Indenture may result in a cross-default under the revolving credit facility.

Certain covenants

Effectiveness of covenants

Following the first day:

(a) the notes have an Investment Grade Rating from both of the Ratings Agencies; and

(b) no Event of Default has occurred and is continuing under the Indenture;

the Company and its Restricted Subsidiaries will not be subject to the provisions of the Indenture summarized under the subheadings "—Limitation on indebtedness" and "—Merger and consolidation" (collectively, the "Suspended Covenants"). If at any time the notes' credit rating is downgraded from an Investment Grade Rating by any Rating Agency, then the Suspended Covenants will thereafter be reinstated as if such covenants had never been suspended and be applicable pursuant to the terms of the Indenture (including in connection with performing any calculation or assessment to determine compliance with the terms of the Indenture), unless and until the notes subsequently attain Investment Grade Rating (in which event the Suspended Covenants shall no longer be in effect for such time that the notes maintain an Investment Grade Rating); *provided*, *however*, that no Default, Event of Default or breach of any kind shall be deemed to exist under the Indenture or the notes with respect to the Suspended Covenants based on, and none of the Company or the Restricted Subsidiaries shall bear any liability for, any actions taken or events occurring after the notes attain Investment Grade Rating and before any reinstatement of such Suspended Covenants as provided above, or any actions taken at any time pursuant to any contractual obligation arising prior to such reinstatement, regardless of whether such actions or events would have been permitted if the applicable Suspended Covenants remained in effect during such period.

Limitation on indebtedness

The Company will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness; *provided*, *however*, that the Company may Incur Indebtedness, and any Restricted Subsidiary may Incur Indebtedness (other than Capital Markets Indebtedness that is not Permitted Capital Markets Indebtedness), if on the date thereof:

(1) the Consolidated Coverage Ratio for the Company and its Restricted Subsidiaries is at least 2.00 to 1.00; and

(2) no Default or Event of Default will have occurred or be continuing or would occur as a consequence of Incurring the Indebtedness or transactions relating to such Incurrence.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness:

(1) Indebtedness of the Company or any Restricted Subsidiary (including, without limitation, Indebtedness incurred pursuant to guarantees made by Subsidiaries in respect of Credit Facilities) Incurred under this clause (1) pursuant to one or more Credit Facilities in an aggregate amount at any time outstanding up to U.S.$1.5 billion;

(2) Indebtedness of the Company owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Company or any other Restricted Subsidiary; *provided*, *however*,

    (a) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being owed to a Person other than the Company or a Restricted Subsidiary of the Company; and

    (b) any sale or other transfer of any such Indebtedness to a Person other than the Company or a Restricted Subsidiary of the Company,

    shall be deemed, in each case, to constitute an Incurrence of such Indebtedness by the Company or such Subsidiary, as the case may be.

(3) Indebtedness represented by the notes issued on the Issue Date;

(4) Refinancing Indebtedness Incurred with respect to any Indebtedness permitted to be incurred under the first paragraph hereof, any Existing Indebtedness or any Indebtedness permitted to be Incurred under clause (3), this clause (4), clause (5), and clause (7) hereof;

(5) Indebtedness of a Person Incurred and outstanding on the date on which such Person was acquired by, or merged into, the Company or any Restricted Subsidiary (other than Indebtedness Incurred (a) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Company or (b) otherwise in connection with, or in contemplation of, such acquisition); *provided*, *however*, that at the time such Person is acquired by the Company, the Company would have been able to Incur €1.00 of additional Indebtedness pursuant to the first paragraph of this covenant after giving effect to the Incurrence of such Indebtedness pursuant to this clause (5);

(6) Indebtedness under any interest rate swap, foreign currency hedge, exchange or similar agreements to the extent entered into to hedge any other Indebtedness permitted under the Indenture or otherwise entered into in the ordinary course of business;

(7) Indebtedness (whether or not secured) Incurred to finance the replacement of a Vessel owned or leased under a Capitalized Lease Obligation by the Company or any Subsidiary of the Company secured by a Lien of the type described under clause (4) of the definition of "Permitted Liens" upon a total loss, destruction, condemnation, confiscation, requisition, seizure, forfeiture or other taking of title to or use of such Vessel (*provided* that such loss, destruction, condemnation, confiscation, requisition,

seizure, forfeiture or other taking of title to or use of such Vessel was covered by insurance or resulted in the payment of compensation or similar payments to such Person) (collectively, a "Total Loss") in an aggregate amount up to the "Ready for Sea Cost" for such replacement Vessel less all compensation, damages and other payments (including insurance proceeds other than in respect of business interruption insurance, protection and indemnity insurance or other third-party liability insurance) received from any Person in connection with the Total Loss in excess of amounts actually used to repay Indebtedness secured by the Vessel subject to the Total Loss;

(8) Indebtedness of any Restricted Subsidiary pursuant to a Guarantee of Indebtedness of the Company; *provided* that if such Indebtedness of the Company is Capital Markets Indebtedness, either (a) such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture evidencing its Guarantee of payments of the notes, on a ranking in right of payment at least equal to such Guarantee or (b) such Capital Markets Indebtedness is Permitted Capital Markets Indebtedness;

(9) Indebtedness Incurred in respect of workers' compensation claims, self-insurance obligations, performance, surety and similar bonds and completion guarantees provided by the Company or a Restricted Subsidiary in the ordinary course of business;

(10) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business, *provided*, *however*, that such Indebtedness is extinguished within five business days of Incurrence; and

(11) in addition to the items referred to in clauses (1) through (10) above, Indebtedness of the Company and its Restricted Subsidiaries in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (11) and then outstanding, will not exceed € 150 million at any time outstanding.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

(1) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Company, in its sole discretion, may classify such item of Indebtedness on the date of Incurrence in part as one such type of Indebtedness and in part as any one or more other type of Indebtedness and may later re-classify all or a portion of such item of Indebtedness in any manner that complies with this covenant and only be required to include the amount and type of such re-classified Indebtedness as the type of Indebtedness to which it is re-classified;

(2) Guarantees of, or obligations in respect of letters of credit relating to, Indebtedness which is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(3) if obligations in respect of letters of credit are Incurred pursuant to a Credit Facility and are being treated as Incurred pursuant to clause (1) of the second paragraph above and the letters of credit relate to other Indebtedness, then such other Indebtedness shall not be included;

(4) the principal amount of any Disqualified Stock of the Company or a Restricted Subsidiary will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(5) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness; and

(6) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined in accordance with GAAP.

Accrual of interest, accrual of dividends, the accretion of accreted value, the payment of interest in the form of additional Indebtedness and the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock will not be deemed to be an Incurrence of Indebtedness for purposes of this covenant. The amount of any Indebtedness outstanding as of any date shall be (i) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (ii) the principal amount or liquidation preference thereof, together with any interest thereon that is more than 30 days past due, in the case of any other Indebtedness.

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary as of such date (and, if such Indebtedness is not permitted to be Incurred as of such date under this "—Limitation on indebtedness" covenant, the Company shall be in Default of this covenant).

For purposes of determining compliance with any Euro-denominated restriction on the Incurrence of Indebtedness, the Euro-equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or first committed, in the case of revolving credit Indebtedness; *provided* that if such Indebtedness is Incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable Euro-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such Euro-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies.

Limitation on liens on capital markets indebtedness

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, Incur or suffer to exist any Lien (other than Permitted Liens) upon any of its property or assets (including Capital Stock of Subsidiaries), whether owned on the Issue Date or acquired after that date, which Lien is securing any Capital Markets Indebtedness, unless contemporaneously with the Incurrence of such Lien effective provision is made to secure the Indebtedness due under the Indenture and the notes equally and ratably with the Indebtedness secured by such Lien for so long as such Indebtedness is so secured.

Reports to holders

For so long as any notes are outstanding, the Company will provide to the Trustee the following reports:

(a) within 120 days after the end of the Company's fiscal year, annual reports, in a level of detail that is comparable in all material respects to that included in the Offering Memorandum, containing, to the extent applicable, the following information: (i) audited consolidated balance sheets of the Company as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Company for the three most recent fiscal years, including complete footnotes to such financial statements and the report of the independent auditors on the financial statements; (ii) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition, and liquidity and capital resources of the Company, and a discussion of material commitments and contingencies and critical accounting policies; (iii) a description of the business, management and shareholders of the Company, all material affiliate transactions and a description of all material contractual arrangements, including material debt instruments; (iv) a description of material risk factors and material recent developments; (v) earnings before interest, taxes, depreciation and amortization; (vi) capital expenditures; and (vii) depreciation and amortization;

(b) within 60 days following the end of the first three fiscal quarters in each fiscal year of the Company, quarterly financial statements of the Company containing the following information: (i) an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow for the most recent quarter and year-to-date periods ending on the unaudited condensed balance sheet date, and the comparable prior year period, together with condensed footnote disclosure; (ii) an operating and financial review of the unaudited financial statements, including a discussion of the results of operations, financial condition, and liquidity and capital resources of the Company, and a discussion of material commitments and contingencies and critical accounting policies; and (iii) material recent developments and any material changes to the risk factors disclosed in the most recent annual report; and

(c) promptly after the occurrence of any material acquisition, disposition or restructuring of the Company and its Restricted Subsidiaries or any senior executive officer changes at the Company or change in auditors of the Company or any other material event that the Company or any of its Restricted Subsidiaries announces publicly, a report containing a description of such event.

At any time that any of the Company's Subsidiaries are Unrestricted Subsidiaries, and such Unrestricted Subsidiaries individually or in the aggregate would, if they were a Restricted Subsidiary, constitute a Significant Subsidiary, then the quarterly and annual financial information required by (a) and (b) above will include a reasonably detailed presentation, either on the face of the financial statements or in the notes thereto, of the financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries.

All the financial statements shall be prepared in accordance with GAAP on a consistent basis for the periods presented. Except as provided for above, no report need include separate financial statements or information for the Company or Subsidiaries of the Company or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in the Offering Memorandum or any reconciliation of GAAP to United States or other generally accepted accounting principles.

Contemporaneously with the furnishing of each such report discussed above, the Company will also post such report on the Company's website or otherwise provide substantially comparable public availability of such report.

So long as any of the notes remain "restricted securities" within the meaning of Rule 501 under the Securities Act and during any period during which the Company is not subject to Section 13 or 15(d) of the Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b), the Company will make available to any prospective purchaser of the notes or beneficial owner of notes in connection with any sale thereof the information required by Rule 144A(d)(4) under the U.S. Securities Act. The Company will also make any of the foregoing information available during normal business hours at the offices of the listing agent in Luxembourg if and so long as the notes are listed on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require.

Merger and consolidation

The Company will not consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets to, any Person, or enter in any scheme of arrangement or other transaction pursuant to which a Holding Company succeeds to all or substantially all of the Company's assets and liabilities, unless:

(1) the resulting, surviving or transferee Person or such Holding Company, as the case may be, (the "Successor Company") will be a corporation organized and existing under the laws of the Kingdom of Sweden, any other member state of the European Union, or of the United States of America, any State of the United States or the District of Columbia and the Successor Company (if not the Company) will expressly assume, by supplemental indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Company under the notes and the Indenture;

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Company or any Subsidiary of the Successor Company as a result of such transaction as having been Incurred by the Successor Company or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction, the Successor Company would be able to Incur at least € 1.00 of additional Indebtedness pursuant to the first paragraph of the "—Limitation on indebtedness" covenant; and

(4) the Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the Indenture.

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Company, which properties and assets, if held by the Company instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Company on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Company.

The predecessor Company will be released from its obligations under the Indenture and the Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Company under the Indenture, but, in the case of a lease of all or substantially all its assets, the predecessor Company will not be released from the obligation to pay the principal of and interest on the notes.

Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

Notwithstanding the preceding clause (3), (x) any Restricted Subsidiary may consolidate with, merge into or transfer all or part of its properties and assets to the Company and (y) the Company may merge with an Affiliate incorporated solely for the purpose of reincorporating the Company in another jurisdiction to realize tax benefits; *provided* that, in the case of a Restricted Subsidiary that merges into the Company, the Company will not be required to comply with the preceding clause (4).

Events of default

Each of the following is an Event of Default:

(1) default in any payment of interest on any note when due, continued for 30 days;

(2) default in the payment of principal of or premium, if any, on any note when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;

(3) failure by the Company to comply with its obligations under "Certain covenants—Merger and consolidation;"

(4) failure by the Company to comply for 30 days after notice as provided below with any of its obligations under the covenants described under "Change of control" above or under the covenants described under "Certain covenants" above (in each case, other than (a) a failure to purchase notes which constitutes an Event of Default under clause (2) above, (b) a failure to comply with "Certain covenants—Merger and consolidation" which constitutes an Event of Default under clause (3) above or (c) a failure to comply with "Certain covenants—Reports to holders" which constitutes an Event of Default under clause (5) below);

(5) failure by the Company to comply for 60 days after notice as provided below with its other agreements contained in the Indenture;

(6) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness of the Company or any of its Restricted Subsidiaries, other than Indebtedness owed to the Company or a Restricted Subsidiary, whether such Indebtedness or guarantee now exists, or is created after the Issue Date, which default:

    (a) is caused by a failure to pay principal of, or interest or premium, if any, on such Indebtedness prior to the expiration of the grace period provided in such Indebtedness ("payment default"); or

    (b) results in the acceleration of such Indebtedness prior to its maturity (the "cross acceleration provision");

    and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates to € 30 million or more;

(7) certain events of bankruptcy, insolvency or reorganization of the Company or a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and its Restricted Subsidiaries), would constitute a Significant Subsidiary (the "bankruptcy provisions"); or

(8) failure by the Company or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and its Restricted Subsidiaries), would constitute a Significant Subsidiary to pay final judgments aggregating in excess of € 30 million (net of any amounts that a reputable and creditworthy insurance company has acknowledged liability for in writing), which judgments are not paid, discharged or stayed for a period of 60 days after the date on which the right to appeal has expired (the "judgment default provision").

However, a default under clauses (4) and (5) of this paragraph will not constitute an Event of Default until the Trustee or the holders of 25% in principal amount of the outstanding notes notify the Company of the default and the Company does not cure such default within the time specified in clauses (4) and (5) of this paragraph after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (7) above) occurs and is continuing, the Trustee by notice to the Company, or the holders of at least 25% in principal amount of the outstanding notes by notice to the Company and the Trustee, may, and the Trustee at the request of such holders shall, declare the principal of, premium, if any, and accrued and unpaid interest, if any, on all the notes to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest will be due and payable immediately. In the event of a declaration of acceleration of the notes because an Event of Default described in clause (6) under “Events of default” has occurred and is continuing, the declaration of acceleration of the notes shall be automatically annulled if the default triggering such Event of Default pursuant to clause (6) shall be remedied or cured by the Company or a Restricted Subsidiary or waived by the holders of the relevant Indebtedness within 20 Business Days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except nonpayment of principal, premium or interest on the notes that became due solely because of the acceleration of the notes, have been cured or waived. If an Event of Default described in clause (7) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest on all the notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any holders. The holders of a majority in principal amount of the outstanding notes may waive all past defaults (except with respect to nonpayment of principal, premium or interest) and rescind any such acceleration with respect to the notes and its consequences if (1) rescission would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, other than the nonpayment of the principal of, premium, if any, and interest on the notes that have become due solely by such declaration of acceleration, have been cured or waived.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the holders unless such holders have offered to the Trustee reasonable indemnity or security against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium, if any, or interest when due, no holder may pursue any remedy with respect to the Indenture or the notes unless:

(1) such holder has previously given the Trustee notice that an Event of Default is continuing;

(2) holders of at least 25% in principal amount of the outstanding notes have requested the Trustee to pursue the remedy;

(3) such holders have offered the Trustee reasonable security or indemnity against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity; and

(5) the holders of a majority in principal amount of the outstanding notes have not given the Trustee a direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the holders of a majority in principal amount of the outstanding notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Indenture provides that in the event an Event of Default has occurred and is continuing, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking such action.

The Indenture provides that if a Default occurs and is continuing and is known to the Trustee, the Trustee must mail to each holder notice of the Default within 90 days after it occurs. Except in the case of a Default in the payment of principal of, premium, if any, or interest on any note, the Trustee may withhold notice if and so long as a committee of trust officers of the Trustee in good faith determines that withholding notice is in the interests of the holders. In addition, the Company is required to deliver to the Trustee, within 120 days after the end of each fiscal year, a certificate indicating whether the signers thereof know of any Default that is continuing. The Company also is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events which would constitute certain continuing Defaults, their status and what action the Company is taking or proposing to take in respect thereof.

Amendments and waivers

Subject to certain exceptions, the Indenture and the notes may be amended or supplemented with the consent of the holders of a majority in principal amount of the notes then outstanding (including without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, notes) and, subject to certain exceptions, any past Default or compliance with any provisions may be waived, either retrospectively or prospectively, with the consent of the holders of a majority in principal amount of the notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, notes). However, without the consent of each holder of an outstanding note affected, no amendment, supplement or waiver may, among other things:

(1) reduce the amount of notes whose holders must consent to an amendment;

(2) reduce the stated rate of or extend the stated time for payment of interest on any note;

(3) reduce the principal of or extend the Stated Maturity of any note;

(4) reduce the premium payable upon the redemption or repurchase of any note or change the time at which any note may be redeemed or repurchased as described above under “Make-Whole Redemption,” “Optional Tax Redemption” or “Change of control,” whether through an amendment or waiver of provisions in the covenants, definitions or otherwise (except amendments to the definitions of “Change of control” and “Permitted Holder”);

(5) make any note payable in money other than that stated in the note;

(6) impair the right of any holder to receive payment of principal, premium, if any, and interest on such holder’s notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such holder’s notes; or

(7) make any change in the amendment provisions which require each holder’s consent or in the waiver provisions.

Notwithstanding the foregoing, without the consent of any holder, the Company, the Trustee, the Registrar, the Paying Agent and the Luxembourg Paying Agent may amend the Indenture and the notes to:

(1) cure any ambiguity, omission, defect or inconsistency;

(2) provide for the assumption by a Successor Company of the obligations of the Company under the Indenture;

(3) provide for uncertificated notes in addition to or in place of certificated notes (*provided* that the uncertificated notes are issued in registered form for purposes of Section 163(f) of the Code, or in a manner such that the uncertificated notes are described in Section 163(f) (2) (B) of the Code);

(4) add Guarantees with respect to the notes;

(5) secure the notes;

(6) add to the covenants of the Company for the benefit of the holders or surrender any right or power conferred upon the Company;

(7) make any change that does not adversely affect the rights of any holder;

(8) provide for the appointment of a successor trustee; *provided* that the successor trustee is otherwise qualified and eligible to act as such under the terms of the Indenture; or

(9) conform the text of the Indenture or the notes to any provision of this “Description of notes” to the extent that such provision in this “Description of notes” is intended to be a verbatim recitation of a provision of the Indenture or the notes.

The consent of the holders is not necessary under the Indenture to approve the particular form of any proposed amendment or supplement. It is sufficient if such consent approves the substance of the proposed amendment or supplement. A consent to any amendment, supplement or waiver under the Indenture by any holder of notes given in connection with a tender of such holder’s notes will not be rendered invalid by such tender. After an amendment or supplement under the Indenture becomes effective, the Company is required to mail to the holders a notice briefly describing such amendment or supplement. However, the failure to give such notice to all the holders, or any defect in the notice will not impair or affect the validity of the amendment or supplement.

Defeasance

The Company at any time may terminate all its obligations under the notes and the Indenture (“legal defeasance”), except for certain obligations, including those respecting the defeasance trust and obligations to register the transfer or exchange of the notes, to replace mutilated, destroyed, lost or stolen notes and to maintain a registrar and paying agent in respect of the notes.

The Company at any time may terminate its obligations described under “Change of control” and under the covenants described under “Certain covenants” (other than “Merger and consolidation”), the operation of the cross-default upon a payment default and cross acceleration provisions, the bankruptcy provisions with respect to Significant Subsidiaries and the judgment default provision described under “Events of default” above and the limitations contained in clause (3) under “Certain covenants—Merger and consolidation” above (“covenant defeasance”).

The Company may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Company exercises its legal defeasance option, payment of the notes may not be accelerated because of an Event of Default with respect to the notes. If the Company exercises its covenant defeasance option, payment of the notes may not be accelerated because of an Event of Default specified in clause (4), (5), (6), (7) (with respect only to Subsidiaries), or (8) under “Events of default” above or because of the failure of the Company to comply with clause (3) under “Certain covenants—Merger and consolidation” above.

In order to exercise either defeasance option, the Company must irrevocably deposit in trust (the “defeasance trust”) with the Trustee money or Government Obligations denominated in euro for the payment of principal, premium, if any, and interest on the notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of (1) an Opinion of Counsel from the United States to the effect that holders of the notes will not recognize income, gain or loss for U.S. Federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. Federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred. In the case of legal defeasance only, such Opinion of Counsel must be based on a ruling of the U.S. Internal Revenue Service or other change in applicable U.S. Federal income tax law and (2) an Opinion of Counsel from Swedish Counsel stating that holders will not recognize income, gain or loss for Swedish tax purposes as a result of such deposit and defeasance and will be subject to Swedish taxes on the same amounts, in the same manner and at the same time as would have been the case if such deposit and defeasance had not occurred.

No personal liability of directors, officers, employees and shareholders

No director, officer, employee, incorporator or shareholder, as such, of the Company shall have any liability for any obligations of the Company under the notes, the Indenture for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder by accepting a note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the notes. Such waiver may not be effective to waive liabilities under the United States federal securities laws and it is the view of the U.S. Securities and Exchange Commission that such a waiver is against public policy.

Concerning the trustee

Deutsche Trustee Company Limited is the Trustee under the Indenture.

Governing law

The Indenture provides that it and the notes will be governed by, and construed in accordance with, the laws of the State of New York.

Certain definitions

“Affiliate” of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, “control” when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Average Life” means, as of the date of determination, with respect to any Indebtedness or Preferred Stock, the quotient obtained by dividing (1) the sum of the products of the numbers of years from the date of determination to the dates of each successive scheduled principal payment of such Indebtedness or redemption or similar payment with respect to such Preferred Stock multiplied by the amount of such payment by (2) the sum of all such payments.

“Board of Directors” means, as to any Person, the board of directors of such Person or any duly authorized committee thereof.

“Business Day” means each day that is not a Saturday, Sunday or other day on which banking institutions in New York, Stockholm, London or Luxembourg are authorized or required by law to close.

“Capital Markets Indebtedness” means bonds, notes, debentures or other securities representing Indebtedness for borrowed money that is held by persons other than the Company or a Restricted Subsidiary and is, as of its date of issue, of the kind customarily quoted, listed or ordinarily dealt in or traded on any stock exchange, over-the-counter or other generally recognized securities market (whether or not initially distributed by way of a private placement) and Guarantees of such Indebtedness but, for the avoidance of doubt, excluding any Indebtedness that, as determined in the reasonable judgment of the Board of Directors of the Company, is in the nature of a loan from a bank or other lender, whether or not such Indebtedness is traded, singly or in combination with other Indebtedness, in a market.

“Capital Stock” of any Person means any and all shares, interests, rights to purchase, warrants, options, participation or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Stock and limited liability or partnership interests (whether general or limited), but excluding any debt securities convertible into such equity.

“Capitalized Lease Obligation” of any Person means (i) the obligation to pay rent or other payment amounts under a lease of (or other Indebtedness arrangements conveying the right to use) real or personal property of such Person which is, or is required to be, classified and accounted for as a capitalized lease or a liability on the face of a balance sheet of such Person in accordance with GAAP or (ii) the obligation to pay interest, principal, rent or other payment amounts under a financing arrangement pursuant to a Sale and Leaseback Transaction of real or personal property of such Person which is, or is required to be, classified and accounted for as a “financing” or “financing obligation-sale leaseback” or other liability on the face of a balance sheet of such Person in accordance with GAAP. The Stated Maturity of any such obligation or arrangement shall be the date of the last scheduled payment of rent or any other amount due under such lease or financing arrangement prior to the first date upon which such lease or financing arrangement may be terminated by the lessee or obligor without payment of a penalty.

“Change of Control” means each and every issue, sale or other disposition of shares of Capital Stock of the Company (including, without limitation, pursuant to a merger or consolidation permitted under the Indenture) which results in any “person” or “group” of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) (other than (A) the Permitted Shareholder Group or (B) a person or group of related persons which, at the time of such sale or disposition, consists of or is under the general control and direction of the Permitted Shareholder Group or any member or members thereof) beneficially owning or controlling, directly or indirectly, more than 50% (by number of votes) of the Voting Stock of the Company.

“Code” means the United States Internal Revenue Code of 1986, as amended.

“Common Stock” means with respect to any Person, any and all shares, interest or other participations in, and other equivalents (however designated and whether voting or nonvoting) of such Person’s common stock whether or not outstanding on the Issue Date, and includes, without limitation, all series and classes of such common stock.

“Consolidated Cash Flow” of any Person means for any period (i)(a) the Consolidated Operating Income for such period increased by the sum of (without duplication) (x) dividends or other distributions actually paid in cash or cash equivalents to such Person by any other Person who is not a Subsidiary of such Person, but only to the extent such dividends or other distributions are paid in respect of securities classified under “investments in affiliated companies” on the balance sheet of such Person, plus (y) consolidated interest income earned by such Person during such period plus (z) to the extent deducted from consolidated revenues in determining Consolidated Operating Income for such period and without duplication, consolidated depreciation and amortization expenses included in the income statement of such Person for such period and other consolidated non-cash charges included in the income statement of such Person for such period, minus (b) the aggregate gain on the disposition of a Vessel or Vessels included in Consolidated Operating Income for such period, plus (ii) the aggregate gain on the disposition of a Vessel or Vessels for such period, but only to the extent such amount does not exceed 25% of the amount calculated pursuant to clause (i) above.

“Consolidated Coverage Ratio” of any Person means as of any date of determination the ratio of (i) Consolidated Cash Flow of such Person for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which financial statements are in existence to (ii) the sum of (a) Consolidated

Interest Expense of such Person for such period, plus (b) the annual interest expense (including the amortization of debt discount) with respect to any Indebtedness proposed to be Incurred by such Person or its Subsidiaries, plus (c) the annual interest expense, (including the amortization of debt discount) with respect to any other Indebtedness Incurred by such Person or its Subsidiaries since the end of such period to the extent not included in clause (ii)(a) minus (d) Consolidated Interest Expense of such Person to the extent included in clause (ii)(a) with respect to any Indebtedness that will no longer be outstanding as a result of the Incurrence of the Indebtedness proposed to be Incurred; *provided* that in making such computation, the Consolidated Interest Expense of such Person attributable to interest on any Indebtedness bearing a floating interest rate shall be computed on a pro forma basis as if the
rate in effect on the date of computation had been the applicable rate for the entire period; and provided further that, in the event such Person or its Subsidiaries have made dispositions of assets or acquisitions of assets not in the ordinary course of business or of any Vessel (including acquisitions of other Persons or Vessels by merger, consolidation or purchase of Capital Stock) during or after such period, such computation shall be made on a pro forma basis as if the dispositions or acquisitions had taken place on the first day of such period. In the case of the Post-Delivery Financing of a Vessel or Vessels (or the financing of the acquisition of a Single-Purpose Vessel-Owning Subsidiary) by the Company or any of its Subsidiaries, the computation of Consolidated Cash Flow for purposes of calculating the Consolidated Coverage Ratio shall be increased by (x) the pro forma annual earnings (losses) for such period pursuant to any binding charter, lease or like arrangement which will be applicable to any such Vessel (including a Vessel owned by any such Single-Purpose Vessel-Owning Subsidiary) for at least one year after the date of delivery of such Vessel to the Company or any of its Subsidiaries or (y) with respect to any such Vessel not subject to such an arrangement, the earnings (losses) for such period of the most comparable Vessel of the Company or any of its Subsidiaries (as determined in the reasonable judgment of the Board of Directors of the Company), or, if the Company or any of its Subsidiaries do not have a comparable Vessel, based on industry average earnings for comparable Vessels (as determined in the reasonable judgment of the Board of Directors of the Company) during such period. For purposes of this definition, whenever pro forma effect is to be given to any calculation under this definition, the pro forma calculations will be determined in good faith by a responsible financial or accounting officer of the Company.

“Consolidated Interest Expense” for any Person means for any period the consolidated interest expense included in a consolidated income statement (without deduction of interest income) of such Person for such period calculated on a consolidated basis in accordance with GAAP, including, without limitation or duplication (or, to the extent not so included, with the addition of): (i) the amortization of debt discounts; (ii) any commissions, discounts and other fees and charges with respect to letters of credit, bankers’ acceptances, payment guarantees or similar facilities; (ii) fees with respect to interest rate swap or similar agreements or foreign currency hedge, exchange or similar agreements; (iv) Preferred Stock dividends declared and payable in cash; (v) the interest portion of Capitalized Lease Obligations and other deferred payment obligations; (vi) interest actually paid in respect of any guarantee of Indebtedness or other obligation of any other Person (other than a consolidated Subsidiary of such Person); and (vii) all non-cash interest payments.

“Consolidated Operating Income” of any Person means for any period the income from operations of such Person for such period determined on a consolidated basis in accordance with GAAP, less gains on the disposition of a Vessel or Vessels pursuant to a deferred payment obligation (whether by way of a promissory note or installment receivable or otherwise), plus the portion of such gain allocable to such period (based on the life of such deferred payment obligation) to the extent payments in respect of such deferred payment obligation are actually received by such Person during such period.

“Consolidation” or “consolidation” means, with respect to any Person, the consolidation of the accounts of such Person and each of its Subsidiaries if and to the extent the accounts of such Person and each of its Subsidiaries would normally be consolidated with those of such Person, all in accordance with GAAP. The term “Consolidated” or “consolidated” shall have a similar meaning. With respect to the Company or any of its Subsidiaries, the accounts of any Unrestricted Subsidiary shall not be included in any such consolidation, even if the inclusion of such accounts would be required by GAAP.

“Construction Financing” means Indebtedness Incurred by the Company or any Subsidiary of the Company to finance any progress or other similar payments required prior to the delivery of the subject Vessel or Vessels under any Vessel Construction Contract.

“Credit Facility” means, with respect to the Company or any Restricted Subsidiary, one or more debt facilities or commercial paper facilities with banks or other institutional lenders providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables) or letters of credit (in each case, as amended, restated, modified, renewed, refunded, replaced or refinanced in whole or in part from time to time, including through Capital Markets Indebtedness or otherwise).

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Disqualified Stock" means, with respect to any Person, any Capital Stock of such Person which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event (excluding a call for redemption or declaration of accelerated maturity by such Person):

(1) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise;

(2) is convertible or exchangeable for Indebtedness or Disqualified Stock (excluding Capital Stock which is convertible or exchangeable solely at the option of the Company or a Restricted Subsidiary); or

(3) is redeemable at the option of the holder of the Capital Stock in whole or in part,

in each case on or prior to the earlier of (a) of the Stated Maturity of the notes and (b) the date on which there are no notes outstanding, *provided* that only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock; *provided*, *further* that any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Company to repurchase such Capital Stock upon the occurrence of a change of control (each defined in a substantially identical manner to the corresponding definitions in the Indenture) shall not constitute Disqualified Stock if the terms of such Capital Stock (and all such securities into which it is convertible or for which it is ratable or exchangeable) provide that the Company may not repurchase or redeem any such Capital Stock (and all such securities into which it is convertible or for which it is ratable or exchangeable) pursuant to such provision prior to compliance by the Company with the provisions of the Indenture described under the captions "Change of control."

"Exchange Act" means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

"Existing Indebtedness" of any Person means Indebtedness (including lease facilities) existing on the Issue Date, less (i) principal payments actually made by or on behalf of such Person on any term Indebtedness or lease facility under any agreement governing such Existing Indebtedness (other than principal payments made in connection with or pursuant to a refinancing of such Existing Indebtedness agreement) and (ii) any amounts by which any revolving credit facility commitment under any Existing Indebtedness agreement is permanently reduced (so long as and to the extent that any required payments in connection therewith are actually made).

Notwithstanding the foregoing, Existing Indebtedness shall not include any Indebtedness of the Company or a Restricted Subsidiary existing on the Issue Date and described under clauses (1), (2), (3), (4), (6), (7), (8), (9), (10) and (11) of the second paragraph of the covenant described under the caption "—Limitation on indebtedness."

"GAAP" means International Financial Reporting Standards as in effect from time to time. All ratios and computations based on GAAP contained in the Indenture will be computed in conformity with GAAP.

"Government Obligations" means direct non-callable and non-redeemable obligations (in each case, with respect to the issuer thereof) of any member state of the European Union that is a member of the European Union as of the date of the indenture (including, in each case, any agency or instrumentality thereof) payment of which is secured by the full faith and credit of the applicable member state.

"Guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person and any obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of agreement to keep-well, or to purchase assets, goods, securities or services to assure the payment of such Indebtedness, to take-or-pay, to maintain financial statement conditions or otherwise); or

(2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); *provided*, *however*, that the term "Guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"holder" means a Person in whose name a note is registered on the Registrar's books.

“Holding Company” means a Person (other than a natural person) of which the Company is or becomes a direct or indirect Subsidiary after the Issue Date; *provided* that the primary purpose of such Person is to serve as a direct or indirect holding company of the Company.

“Incur” means, with respect to any Indebtedness or other obligation of any Person, to create, issue, incur (by conversion, exchange or otherwise), assume, guarantee or otherwise become liable in respect of such Indebtedness or other obligation or the recording, as required pursuant to GAAP or otherwise, of any such Indebtedness or other obligation on the balance sheet of such Person (and “Incurrence,” “Incurred,” “Incurrable” and “Incurring” shall have meanings correlative to the foregoing); *provided* that a change in GAAP that results in an obligation of such Person that exists at such time becoming Indebtedness shall not be deemed an Incurrence of such Indebtedness. Indebtedness of the Company or any Subsidiary of the Company in respect of the Post-Delivery Financing of Vessels shall be deemed to have been “Incurred” in the full amount of such Post-Delivery Financing only on the date the Company (or such Subsidiary) enters into a binding credit or lease commitment in good faith with a lender (or group of lenders) or lessor with respect to such financing. No Indebtedness shall be deemed to have been “Incurred” solely by reason of the Company or any Subsidiary of the Company entering into a Vessel Construction Contract. No Indebtedness shall be deemed to have been “Incurred” solely by reason of the transfer (including, without limitation, by way of novation or assignment and assumption) of Indebtedness secured by a Vessel from a Subsidiary of the Company to another Subsidiary of the Company in connection with the transfer of such Vessel from the former to the latter (including, without limitation, a transfer effected for the purpose of reflagging such Vessel), *provided* that such transfer is permitted pursuant to the provisions of clause (5) of the definition of “Permitted Liens.”

“Indebtedness” means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent, (i) every obligation of such Person for money borrowed, (ii) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments, including obligations Incurred in connection with the acquisition by such Person of property, assets or businesses, (iii) every reimbursement obligation of such Person with respect to letters of credit, bankers’ acceptances, payment guarantees or similar facilities issued for the account of such Person, other than bonds, letters of credit, payment guarantees or other similar obligations required by governmental or regulatory agencies in connection with Vessels owned by or businesses conducted by the Company or any of its Subsidiaries, (iv) every obligation of such Person issued or assumed as the deferred purchase price of property or services acquired by such Person (but excluding trade accounts payable or accrued liabilities arising in the ordinary course of business which are not overdue or which are not being contested in good faith), (v) the maximum fixed redemption or repurchase price of Disqualified Stock of such person at the time of determination; (v) every Capitalized Lease Obligation of such Person, (vi) every net obligation under interest rate swap, foreign currency hedge, exchange or similar agreements of such Person and (vii) every obligation of the type referred to in clauses (i) through (vi) of another Person and all dividends of another Person the payment of which, in either case, such Person has Guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise, *provided* that Guarantees made by any Person shall not be deemed “Indebtedness” to the extent (x) that the Indebtedness so guaranteed would be classified and accounted for as Indebtedness on the consolidated balance sheet of such Person or (y) that both such Person and the Person whose obligation is being Guaranteed are Subsidiaries of the Company, and *provided further* that payment obligations of a Person pursuant to a charter or operating lease which does not constitute a Capitalized Lease Obligation shall not be deemed “Indebtedness,” and *provided further* that reimbursement obligations of any Person with respect to facilities in respect of letters of credit, bankers’ acceptances or payment guarantees issued for the account of such Person, and obligations of such Person in respect of loan facilities the proceeds of which are used for cash collateral (and refinancings thereof so long as after giving effect thereto the Primary Debt (as hereafter defined) continues to be cash collateralized to the same extent), shall not be deemed “Indebtedness” to the extent that any such facility (or the proceeds thereof) is used to fully and irrevocably secure, guarantee or defease the payment of Indebtedness of such Person or any of its Subsidiaries (including, without limitation, debt under the Capitalized Lease Obligation) which is Incurred in connection with the financing of a Vessel or group of Vessels and which is otherwise permitted to be Incurred under the Indenture (“Primary Debt”).

“Investment” means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any direct or indirect advance, loan (other than advances or extensions of credit to customers in the ordinary course of business) or other extensions of credit (including by way of Guarantee or similar arrangement, but excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such Person and all other items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP.

"Investment Grade Rating" means a rating equal to or higher than Baa3 (or the equivalent) by Moody's Investors Service, Inc. and BBB- (or the equivalent) by Standard & Poor's Ratings Group, Inc., in each case, with a stable or better outlook.

"Issue Date" means March 16, 2010.

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof), other than any easement not materially impairing usefulness or marketability.

"Non-Recourse Debt" means Indebtedness of a Person:

(1) as to which neither the Company nor any Restricted Subsidiary (a) provides any Guarantee or (b) is directly or indirectly liable (as a guarantor or otherwise);

(2) no default with respect to which (including any rights that the holders thereof may have to take enforcement action against an Unrestricted Subsidiary) would permit (upon notice, lapse of time or both) any holder of any other Indebtedness of the Company or any Restricted Subsidiary to declare a default under such other Indebtedness or cause the payment thereof to be accelerated or payable prior to its Stated Maturity; and

(3) the explicit terms of which provide there is no recourse against any of the assets of the Company or its Restricted Subsidiaries, except that Standard Securitization Undertakings shall not be considered recourse.

"Officer" means the Chairman of the Board, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer or the Secretary of the Company.

"Officers' Certificate" means a certificate signed by two Officers or by an Officer and either an Assistant Treasurer, an Assistant Secretary, the Financial Manager or the Controller of the Company.

"Opinion of Counsel" means a written opinion from legal counsel who is acceptable to the Trustee. The counsel may be an employee of or counsel to the Company or the Trustee.

"Permitted Capital Markets Indebtedness" means Capital Markets Indebtedness that is (x) Incurred or Guaranteed by a Restricted Subsidiary, or (y) secured by a Lien or Liens on assets or properties of the Company or any of its Restricted Subsidiaries, or (z) Incurred or Guaranteed by a Restricted Subsidiary and secured by a Lien or Liens on assets or properties of the Company or any of its Restricted Subsidiaries, *provided* that the aggregate amount of outstanding Indebtedness of the Company and its Restricted Subsidiaries on the date of determination that is Incurred, Guaranteed by a Restricted Subsidiary or secured by a Lien or Liens on assets or properties of the Company or any of its Restricted Subsidiaries (or a combination thereof), after giving effect to such Capital Markets Indebtedness, does not exceed the sum of (i) $1.5 billion, plus (ii) the excess of the total noncurrent assets of the Company and its Restricted Subsidiaries on the date of Incurrence of such Capital Markets Indebtedness over such total noncurrent assets as of December 31, 2009, plus (iii) Refinancing Indebtedness Incurred pursuant to clause (4) of the covenant described under "—Limitation on Indebtedness" above other than Capital Markets Indebtedness Incurred to refinance unsecured Indebtedness pursuant to such clause (4).

"Permitted Liens" means, with respect to any Person:

(1) Liens existing on the Issue Date;

(2) Liens on Capital Markets Indebtedness of a Person at the time such Person becomes a Restricted Subsidiary; *provided*, *however*, that such Liens are not created, Incurred or assumed in connection with, or in contemplation of, such other Person becoming a Restricted Subsidiary; *provided further*, *however*, that any such Lien may not extend to any other property owned by the Company or any Restricted Subsidiary;

(3) Liens securing the notes;

(4) Liens for the purpose of securing Indebtedness represented by Capitalized Lease Obligations, mortgage financings, purchase money obligations or other Indebtedness Incurred, to finance all or any part of the purchase price or cost of acquisition, construction or improvement of assets or property *provided* that:

   (a) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under the Indenture and does not exceed the cost of the assets or property so acquired, constructed or improved; and

   (b) such Liens are created within 270 days of construction, acquisition or improvement of such assets or property and do not encumber any other assets or property of the Company or any Restricted Subsidiary other than such assets or property and assets affixed or appurtenant thereto and Related Collateral;

(5) Liens securing Refinancing Indebtedness Incurred to refinance, refund, replace, amend, extend or modify, as a whole or in part, Indebtedness that was previously so secured as permitted under the terms of the notes and the Indenture, provided that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, replacements, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is the security for a Permitted Lien hereunder;

(6) Liens securing Permitted Capital Markets Indebtedness; and

(7) Liens securing Indebtedness that is to be refinanced by Refinancing Indebtedness permitted to be Incurred under the terms of the notes and the Indenture, provided that the assets subject to such Liens are limited to the cash proceeds of such Refinancing Indebtedness and any defeasance trust or similar fund acquired with such cash proceeds.

“Permitted Shareholder Group” means (1) Sten Allan Olsson, (2) the descendants of Sten Allan Olsson, (3) a husband or wife or former husband or wife or widower or widow of any of the persons named in clauses (1) and (2), (4) the estates or legal representatives of the persons named in clauses (1), (2) and (3), and (5) trusts (whether arising under settlement, declaration of trust or instrument by whomsoever or wheresoever made or under a testamentary disposition or on an intestacy) under which no immediate beneficial interest in the property which is the subject of such trust is for the time being vested in any person other than the persons named in clauses (1), (2) (3) and (4); *provided*, *however*, that for purposes of this definition a step-child, adopted child or illegitimate child of any person shall be deemed to be a lineal descendant of such person and of the lineal ancestors of that person.

“Person” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

“Post-Delivery Financing” means Indebtedness Incurred by the Company or any Subsidiary of the Company to finance the total Ready for Sea Cost of a Vessel or group of Vessels. “Post-Delivery Financing” shall include the amount of any Construction Financing with respect to any Vessel or group of Vessels, but only to the extent that fully committed Post-Delivery Financing for such Vessel or group of Vessels has been arranged at such time.

“Preferred Stock,” as applied to the Capital Stock of any Person, means Capital Stock of such Person of any class or classes (however designated) that ranks prior, as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of such Person, to shares of Capital Stock of any other class of such Person.

“Rating Agencies” means Standard & Poor’s Ratings Group, Inc. and Moody’s Investors Service, Inc. or if Standard & Poor’s Ratings Group, Inc. or Moody’s Investors Service, Inc. or both shall not make a rating on the notes publicly available, a nationally recognized statistical rating agency or agencies, as the case may be, selected by the Company (as certified by a resolution of the Board of Directors) which shall be substituted for Standard & Poor’s Ratings Group, Inc. or Moody’s Investors Service, Inc. or both, as the case may be.

“Ready for Sea Cost” means, with respect to a Vessel or Vessels to be acquired or leased (pursuant to a Capitalized Lease Obligation) by the Company or any Subsidiary of the Company, the aggregate amount of all expenditures Incurred to acquire or construct and bring such Vessel or Vessels to the condition and location necessary for its or their intended use which would be classified and accounted for as “property, plant and equipment” in accordance with GAAP.

“Refinancing Indebtedness” means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) (collectively, “refinance,” “refinances,” and “refinanced” shall each have a correlative meaning) any Indebtedness existing on the Issue Date or Incurred in compliance with the Indenture (including Indebtedness of the Company that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness, *provided*, *however*, that:

(1) (a) if the Stated Maturity of the Indebtedness being refinanced is earlier than the Stated Maturity of the notes, the Refinancing Indebtedness has a Stated Maturity no earlier than the Stated Maturity of the Indebtedness being refinanced or (b) if the Stated Maturity of the Indebtedness being refinanced is later than the Stated Maturity of the notes, the Refinancing Indebtedness has a Stated Maturity later than the Stated Maturity of the notes;

(2) the Refinancing Indebtedness has an Average Life at the time such Refinancing Indebtedness is Incurred that is equal to or greater than the Average Life of the Indebtedness being refinanced; and

(3) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced (plus, without duplication, any additional Indebtedness Incurred to pay interest or premiums required by the instruments governing such existing Indebtedness and fees Incurred in connection therewith); *provided* that in the case of the refinancing of the Post-Delivery Financing of a Vessel within 270 days after the acquisition or delivery of such Vessel pursuant to a Capitalized Lease Obligation, such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than 100% of the Ready for Sea Cost of such Vessel, plus the amount of any premium required to be paid in connection with such refinancing pursuant to the terms of the Refinancing Indebtedness or the amount of any premium reasonably determined by the Company as necessary to accomplish such refinancing by means of a tender offer or privately negotiated repurchase, plus the expenses of the Company or any of its Subsidiaries Incurred in connection with such refinancing.

“Related Collateral” means, with respect to a Vessel, (i) any insurance policies on such Vessel, (ii) any requisition compensation payable in respect of any compulsory acquisition thereof, (iii) any earnings derived from the use or operation thereof and/or any earnings account with respect to such earnings, and (iv) any charters, operating leases, licenses and related agreements entered into in respect of the Vessel and any security or guarantee in respect of the relevant charterer’s or lessee’s obligations under any relevant charter, operating lease, license or related agreement, (v) any cash collateral account established with respect to such Vessel pursuant to the financing arrangements with respect thereto, (vi) any inter-company loan or facility agreements relating to the financing of the acquisition of, and/or the leasing arrangements (pursuant to Capitalized Lease Obligations) with respect to, such Vessel, (vii) any building or conversion contracts relating to such Vessel and any security or guarantee in respect of the builder’s obligations under such contracts, (viii) any interest rate swap, foreign currency hedge, exchange or similar agreement incurred in connection with the financing of such Vessel and required to be assigned by the lender and (ix) any security interest in, or agreement or assignment relating to, any of the foregoing or any mortgage in respect of such Vessel.

“Restricted Subsidiary” means any Subsidiary of the Company other than an Unrestricted Subsidiary.

“Sale and Leaseback Transaction” of any Person means an arrangement with any lessor, lender, obligee or investor or to which such lessor, lender, obligee or investor is a party providing for the leasing or renting by such Person of any property or asset of such Person which has been or is being sold or transferred by such Person more than 270 days after the acquisition thereof or, if later, the delivery or commencement of operation thereof, to such lessor, lender, obligee or investor or to any Person to whom funds have been or are to be advanced by such lessor, lender, obligee or investor on the security of such property or asset. The Stated Maturity of such arrangement shall be the date of the last scheduled payment of rent or any other amount due under such arrangement prior to the first date on which such arrangement may be terminated by the lessee without payment of a penalty.

“SEC” means the United States Securities and Exchange Commission.

“Securities Act” means the United States Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

"Significant Subsidiary" means, at the date of determination, any Restricted Subsidiary that together with its Subsidiaries that are Restricted Subsidiaries (i) for the most recent fiscal year, accounted for more than 10% of consolidated revenues of the Company or (ii) as of the end of the most recent fiscal quarter, was the owner of more than 10% of the consolidated assets of the Company.

"Single-Purpose Vessel-Owning Subsidiary" means a Subsidiary of the Company the sole purpose of which is to own or lease (pursuant to a Capitalized Lease Obligation) one (but not more than one) Vessel.

"Stated Maturity" means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

"Subsidiary" of any Person means (a) any corporation, association or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total ordinary voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof (or persons performing similar functions) or (b) any partnership, joint venture limited liability company or similar entity of which more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, is, in the case of clauses (a) and (b), at the time owned or controlled, directly or indirectly, by (1) such Person, (2) such Person and one or more Subsidiaries of such Person or (3) one or more Subsidiaries of such Person. Unless otherwise specified herein, each reference to a Subsidiary will refer to a direct or indirect Subsidiary of the Company.

"Unrestricted Subsidiary" means:

(1) the following Subsidiaries of the Company: Stena Fastigheter AB, Stena Realty BV, Stena Adactum AB, Stena Investment Luxembourg S.à r.l., Stena Royal S.à r.l., Stena Investment Cyprus Ltd and Mondaldi Ltd.;

(2) any Subsidiary of the Company that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors of the Company in the manner provided below; and

(3) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Company may designate any Subsidiary of the Company (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger or consolidation or Investment therein) to be an Unrestricted Subsidiary only if:

(1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of or have any Investment in, or own or hold any Lien on any property of, any other Subsidiary of the Company which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary;

(2) all the Indebtedness of such Subsidiary and its Subsidiaries shall, at the date of designation, and will at all times thereafter, consist of Non-Recourse Debt, except to the extent that the Company or a Restricted Subsidiary to which recourse may be sought in respect of such Indebtedness would be permitted to Incur such Indebtedness under the provisions of the covenant described under the caption "Limitation on indebtedness";

(3) such Subsidiary, either alone or in the aggregate with all other Unrestricted Subsidiaries, does not operate, directly or indirectly, all or substantially all of the business of the Company and its Subsidiaries; and

(4) such Subsidiary is a Person with respect to which neither the Company nor any of its Restricted Subsidiaries has any direct or indirect obligation (other than obligations that the Company or such Restricted Subsidiaries would be permitted to Incur under the provisions of the covenant described under the caption "Limitation on indebtedness"):

    (a) to subscribe for additional Capital Stock of such Person; or

    (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results.

Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by filing with the Trustee a resolution of the Board of Directors of the Company giving effect to such designation and an Officers' Certificate certifying that such designation complies with the foregoing conditions. If, at any time, any

Unrestricted Subsidiary would fail to meet the foregoing requirements as an Unrestricted Subsidiary, it shall thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture and any Indebtedness of such Subsidiary shall be deemed to be Incurred as of such date.

The Board of Directors of the Company may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that immediately after giving effect to such designation, no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof and the Company could Incur at least € 1.00 of additional Indebtedness pursuant to the first paragraph of the “Certain covenants—Limitation on indebtedness” covenant on a pro forma basis taking into account such designation.

“Vessel Construction Contract” means any contract for the construction (or construction and acquisition) or conversion of a Vessel or Vessels entered into by the Company or any Subsidiary of the Company.

“Vessels” means the shipping vessels whose primary purpose is the maritime transportation of cargo and/or passengers or which are otherwise engaged or used in any business activities of the Company and its Subsidiaries (including, without limitation, semi-submersible and other drilling rigs and drillships) and which are owned by and registered (or to be owned by and registered) in the name of the Company or any of its Subsidiaries or operated by the Company or any of its Subsidiaries pursuant to a lease or other operating agreement constituting a Capitalized Lease Obligation, in each case together with all related equipment and any additions or improvements.

“Voting Stock” of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors, managers or trustees, as applicable.

Description of other indebtedness

As of December 31, 2009, on an adjusted basis after giving effect to this offering, we would have had total debt of approximately SEK 43.9 billion ($6.1 billion), including approximately SEK 35.8 billion ($5.0 billion) of secured debt. Total debt represented approximately 52% of our total assets (in each case, excluding debt and assets of SPEs) of SEK 84.0 billion ($11.7 billion) as of such date. Furthermore, the restricted group would have had total debt of approximately SEK 28.3 billion ($4.0 billion) and approximately SEK 20.1 billion ($2.8 billion) of secured debt as of that date.

Restricted group debt

Revolving credit facility. On December 8, 2004, Stena Holland BV (formerly Stena International B.V.) and Stena (Switzerland) AG ("SSAG") entered into a $1 billion secured revolving credit facility with a syndicate of financial institutions, for which J.P. Morgan plc, Svenska Handelsbanken AB (publ), Nordea Bank AB (publ), Citigroup Global Markets Limited, DnB NOR Bank ASA and HSBC Bank plc act as lead arrangers and Svenska Handelsbanken AB (publ.) acts as facility agent. The revolving credit facility was made available for the purposes of refinancing Stena Holland BV's existing debt, including the 2002 and 2001 revolving credit facilities, together with certain other vessel financings, and to provide financing for general corporate purposes. Stena Holland BV's and SSAG's obligations under the revolving credit facility are guaranteed by Stena AB and certain of its subsidiaries.

The final maturity of the revolving credit facility is January 28, 2013. Borrowings under the revolving credit facility bear interest at a rate equal to the aggregate of LIBOR plus an applicable margin, which ranges from 0.60% to 0.725% depending on the level of utilization of the facility. Interest is payable at the end of the interest period of each advance, although if an advance has a term of more than six months, interest is payable at six-month intervals. The facility gives the option to drawdown advances for periods of one, two, three or six months, or for other periods with the consent of the lenders. Commitment fees and guarantee indemnity fees will be based on the level of utilization of the facility.

The obligations of Stena Holland BV and SSAG under the revolving credit facility are secured by, among other things, first priority security interests on *Stena Baltica*, *Stena Carisma* (and its linkspans), *Stena Clyde*, *Stena Don*, *Stena Danica*, *Stena Europe*, *Stena Forecaster*, *Stena Forerunner*, *Stena Foreteller*, *Stena Forwarder*, *Stena Germanica*, *Stena Nautica*, *Stena Saga*, *Stena Scandinavica*, *Stena Scanrail*, *Stena Spey*, *Stena Tay*, and the Holyhead and Stranraer ports. In the event that an asset securing the revolving credit facility is sold or declared a total loss, availability under the revolving credit facility will, unless appropriate replacement collateral is provided within 270 days, be reduced by the lesser of net sale or net loss proceeds and the amount required to bring the security value of the remaining collateral (net of any debt secured by a prior mortgage therein) to 140% of the facility amount.

The revolving credit facility imposes various financial and operating covenants upon the restricted group. Among other things, the principal financial covenants (i) require us to maintain current assets and committed undrawn facilities in an amount greater than or equal to 125% of consolidated current liabilities, (ii) require us and our subsidiaries to maintain minimum cash and cash equivalents of not less than $50 million, (iii) require our net debt to be no greater than 65% of the capitalization, and (iv) require us to maintain ownership of the security parties that, at the date of execution of the credit facility agreement, are members of the Stena AB group.

As of December 31, 2009, the amount of indebtedness under the revolving credit facility was $144 million plus $24 million used in connection with guarantees and letters of credit.

Senior Notes due 2013 and Senior Notes due 2016. As of December 31, 2009, we had outstanding, $153 million principal amount of 7.5% Senior Notes due 2013 outstanding and $129 million principal amount of 7% Senior Notes due 2016 outstanding. In 2007, we repurchased $4.2 million of our Senior Notes due 2013 and $78 million of our Senior Notes due 2016. The 7.5% Senior Notes, issued in November 2003, mature on November 1, 2013, and interest is payable semi-annually on May 1 and November 1 of each year. The 7.5% Senior Notes are redeemable at our option, in whole or in part, at any time on or after November 1, 2008. The 7% Senior Notes, issued in November 2004, mature on December 1, 2016, and interest is payable semi-annually on June 1 and December 1 of each year. The 7% Senior Notes are redeemable at our option, in whole or in part, at any time on or after December 1, 2009. The indentures governing the notes contain certain covenants with respect to, among other things, limitations on consolidated and subsidiary debt and preferred stock, limitations on restricted payments and investments, limitations on restrictions concerning distributions and transfers by subsidiaries, limitations on liens and guarantees, limitations on business activities and limitations on mergers, consolidations and certain sales and purchases of assets. The notes are unsecured obligations of Stena AB and rank *pari passu* in right of payment with Stena AB's other unsubordinated indebtedness.

Senior Notes due 2017 and Senior Notes due 2019. As of December 31, 2009, we had € 300 million principal amount of 6.125% Senior Notes due 2017 outstanding and € 102 million principal amount of 5.875% Senior Notes due 2019 outstanding. The 6.125% Senior Notes, issued in February 2007, mature on February 1, 2017, and interest is payable semi-annually on February 1 and August 1 of each year. The 5.875% Senior Notes, issued in February 2007, mature on February 1, 2019, and interest is payable semi-annually on February 1 and August 1 of each year. The indentures governing these notes contain certain covenants with respect to, among other things, limitations on consolidated and subsidiary indebtedness and limitations on liens on capital markets indebtedness. The notes are unsecured obligations of Stena AB and rank *pari passu* in right of payment with Stena AB's other unsubordinated indebtedness.

Other debt

Adactum secured bank facility. On June 30, 2009, Adactum entered into a new secured revolving credit facility with Svenska Handelsbanken AB (publ) and Nordea Bank Sweden AB (publ) with a total principle amount of SEK 450 million. The facility matures on June 30, 2012 and bears interest at a rate based on Stockholm Interbank Offered Rates plus an applicable margin of 3.0%. Adactum may select an interest period of one, three, six or twelve months every time it borrows funds under the facility. Interest is payable at the end of the relevant interest period. The facility includes a cross-default provision ($15 million threshold) with respect to debt of Stena, Adactum or any present or future subsidiary of Stena. As of December 31, 2009, SEK 200 million under the facility was utilized. The facility is non-recourse to Stena AB.

Property-related debt. As of December 31, 2009, we had bank facilities and mortgage loans secured by the real estate, buildings and land in our real estate business segment of approximately SEK 13.7 billion that are denominated in SEK and euros, with maturities from 2010 through 2025. These facilities and loans are non-recourse to Stena AB.

Stena Royal S.à r.l. secured bank facility. On September 28, 2007, Stena Royal entered into a new $350 million secured revolving credit facility with Svenska Handelsbanken AB (publ) and Nordea Bank Sweden AB (publ). The facility matures on September 28, 2012. The facility bears interest at a rate based on LIBOR, EURIBOR or Stockholm Interbank Offered Rates, as applicable depending on currency drawn down, plus an applicable margin of 0.45% to 0.70%, depending on the ratio between the aggregated drawn down amount and the value of the underlying security. Stena Royal may select every time it borrows funds under the facility an interest period of three or six months or such other period as may be agreed up to a maximum of twelve months. Interest is payable at the end of the relevant interest period. The medium and long-term investment portfolios held by Stena Royal are pledged as security for the facility. The facility does not include any cross-default provision. As of December 31, 2009, $0 million was utilized under the facility.

Other . As of December 31, 2009, we were obligated with respect to the guarantees of lease obligations and certain loans used to finance the acquisition of vessels and other assets in the aggregate amount of approximately SEK 20.8 billion. These are denominated in U.S. dollars, British pounds, euro and SEK.

Debt in SPEs

As of December 31, 2009, we had investments, through unrestricted subsidiaries, in four SPEs: Canyon Capital CDO-2002 Ltd, Canyon Capital CLO-2004 Ltd, Canyon Capital CLO-2006 Ltd and Canyon Capital CLO-2007 Ltd. The assets and liabilities of the SPEs are consolidated in our financial statements, although the debt of the SPEs is non-recourse to Stena.

As of December 31, 2009, Canyon Capital CDO-2002 Ltd, Canyon Capital CLO-2004 Ltd and Canyon Capital CLO-2006 Ltd, had issued senior secured notes to fund their portfolio investments in the U.S. high yield bond and corporate loan markets.

As of December 31, 2009, the total outstanding debt of all SPEs was SEK 8.2 billion. The remaining funding for the SPEs has been provided by the Company and other investors as subordinated secured notes and preferred share capital.

Canyon Capital CDO-2002 Ltd issued senior secured notes maturing in May 2014, consisting of $222 million Class A notes, $10.9 million Class B notes and $11.2 million Class C notes. The Class A and B notes bear interest at a variable interest rate of LIBOR, plus a margin of 0.60% and 3.75%, respectively, and the Class C notes bear a fixed interest rate of 12.88%. Interest is payable semiannually. Canyon Capital CLO-2004 Ltd issued notes maturing in October 2016, consisting of $200 million Class A1 notes, $77.5 million Class A2 notes, $36 million Class B notes, $29 million Class C notes and $16 million Class D senior secured notes. The Class A, B, and C notes bear interest at a variable interest rate of LIBOR, plus a margin of 0.37%, 1.25% and 2.50%, respectively, and the Class D notes bear a fixed interest rate of 12.88%. Canyon Capital CLO-2006 Ltd issued senior secured notes maturing in August 2020, consisting of $266 million Class A notes, $15.2 million Class B notes, $22.8 million Class C notes, $22.8 million Class D notes and $13.3 million Class E notes. The notes bear interest at a variable rate of LIBOR plus a margin of 0.25-0.27% for Class A notes and 0.42%, 0.70%, 1.60% and 3.75% for Class B, C, D and E notes, respectively. Interest is payable semi-annually. Each series of notes is secured by the underlying securities held by the issuing SPE. Canyon Capital CLO-2007 is currently being restructured including reduction of assets and refinancing of existing funding. Current funding, maturing in 2011, bears interest at a variable rate of LIBOR, plus a margin of 1.75% from March 2010.

Transfer restrictions

The notes offered hereby are subject to restrictions on transfer as summarized below. By purchasing notes, you will be deemed to have made the following acknowledgments, representations to and agreements with us and the initial purchasers:

(i) You acknowledge that:

- the notes have not been registered under the Securities Act or any other securities laws and the notes are being offered for resale in transactions that do not require registration under the Securities Act or any other securities laws; and
- unless so registered, the notes may not be offered, sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws, and in each case in compliance with the conditions for transfer set forth in paragraph (iv) below.

(ii) You represent that you are not an affiliate (as defined in Rule 144 under the Securities Act) of ours, that you are not acting on our behalf and that either:

- you are a qualified institutional buyer (as defined in Rule 144A under the Securities Act) and are purchasing notes for your own account or for the account of another qualified institutional buyer, and you are aware that the initial purchasers are selling the notes to you in reliance on Rule 144A; or
- you are not a person in the United States (as defined in Regulation S under the Securities Act) or purchasing for the account or benefit of a person in the United States, and you are purchasing notes in an offshore transaction in accordance with Regulation S.

(iii) You acknowledge that neither we nor the initial purchasers nor any person representing us or the initial purchasers has made any representation to you with respect to us or the offering of the notes, other than the information contained in this offering memorandum. You represent that you are relying only on this offering memorandum in making your investment decision with respect to the notes. You agree that you have had access to such financial and other information concerning us and the notes as you have deemed necessary in connection with your decision to purchase notes, including an opportunity to ask questions of and request information from us.

(iv) You represent that you are purchasing notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the notes in violation of the Securities Act, subject to any requirement of law that the disposition of your property or the property of that investor account or accounts be at all times within your or their control and subject to your or their ability to resell the notes pursuant to Rule 144A or any other available exemption from registration under the Securities Act. If you are a qualified institutional buyer who is in the United States in reliance on Rule 144A, you agree on your own behalf and on behalf of any investor account for which you are purchasing notes, and each subsequent holder of the notes by its acceptance of the notes will agree, that until the end of the Resale Restriction Period (as defined below), the notes may be offered, sold or otherwise transferred only:

(a) to us;

(b) for so long as the notes are eligible for resale under Rule 144A, to a person the seller reasonably believes is a qualified institutional buyer that is purchasing for its own account or for the account of another qualified institutional buyer and to whom notice is given that the transfer is being made in reliance on Rule 144A;

(c) through offers and sales that occur outside the United States within the meaning of Regulation S under the Securities Act;

(d) to an institutional accredited investor (within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act) that is not a qualified institutional buyer and that is purchasing for its own account or for the account of another institutional accredited investor, in each case in a minimum principal amount of notes of $ € 250,000; or

(e) under any other available exemption from the registration requirements of the Securities Act;

subject in each of the above cases to any requirement of law that the disposition of the seller's property or the property of an investor account or accounts be at all times within the seller or account's control.

(v) You also acknowledge and agree that:

- the above restrictions on resale will apply from the closing date until the date that is one year after the later of the closing date and the last date that we or any of our affiliates was the owner of the notes or any predecessor of the notes (the "Resale Restriction Period"), and will not apply after the Resale Restriction Period ends;
- if a holder of notes proposes to resell or transfer notes under clause (iv) (d) above before the Resale Restriction Period ends, the seller must deliver to us and the trustee a letter from the purchaser in the form set forth in the indenture which must provide, among other things, that the purchaser is an institutional accredited investor that is acquiring the notes not for distribution in violation of the Securities Act;
- we and the trustee reserve the right to require in connection with any offer, sale or other transfer of notes before the Resale Restriction Period ends under clauses (iv) (c), (d) and (e) above the delivery of an opinion of counsel, certifications and/or other information satisfactory to us and the Trustee; and
- each Rule 144A note will contain a legend substantially to the following effect:

  THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION REQUIREMENTS. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") THAT IS ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), ONLY (A) TO THE ISSUER, (B) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (C) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES PURSUANT TO REGULATION S UNDER THE SECURITIES ACT, (D) TO AN INSTITUTIONAL "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT IS AN INSTITUTIONAL ACCREDITED INVESTOR ACQUIRING THE SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF SUCH AN INSTITUTIONAL ACCREDITED INVESTOR, IN EACH CASE IN A MINIMUM PRINCIPAL AMOUNT OF THE SECURITIES OF € 250,000, FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO OR FOR OFFER OR SALE IN CONNECTION WITH ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT, OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSES (C), (D) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/ OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

(vi) You acknowledge and agree that we, the initial purchasers and others will rely upon the truth and accuracy of the above acknowledgments, representations and agreements. You agree that if any of the acknowledgments, representations or agreements you are deemed to have been made by your purchase of notes is no longer accurate, you will promptly notify us and the initial purchasers. If you are purchasing any notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the above acknowledgments, representations and agreements on behalf of each account.

(vii) You acknowledge and agree that:

- the notes are being offered to investors in member states of the European Economic Area which have implemented the Prospective Directive in reliance upon an exemption from the Prospective Directive; and
- any offer or resale of notes in any member state of the European Economic Area which has implemented the Prospective Directive must be for a minimum purchase price or a minimum consideration of at least € 50,000.

Book-entry, settlement and clearance

General

Notes sold to qualified institutional buyers under Rule 144A under the Securities Act will be represented by global notes in registered form without interest coupons attached (the “Rule 144A Global Notes”) and notes sold to persons outside the United States in reliance on Regulation S under the Securities Act will be represented by global notes in registered form without interest coupons attached (the “Regulation S Global Notes” and, together with the Rule 144A Global Notes, the “Global Notes”).

Ownership of interests in the Rule 144A Global Notes (the “Rule 144A Book-Entry Interests”) and ownership of interests in the Regulation S Global Notes (the “Regulation S Book-Entry Interests” and, together with the Rule 144A Book-Entry Interests, the “Book-Entry Interests”) will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that hold interests through such participants.

Book-entry, delivery and form

The Global Notes will be deposited with a common depositary for Euroclear and Clearstream (the “Common Depositary”) and registered in the name of the Common Depositary. Beneficial interests in one Global Note may generally be exchanged for interests in another Global Note. Depending on to which Global Note the transfer is being made, the trustee may require the seller to provide certain written certifications in the form provided in the indenture.

A beneficial interest in a Global Note that is transferred to a person who takes delivery through another Global Note will, upon transfer, become subject to any transfer restrictions and other procedures applicable to beneficial interests in the other Global Note.

Except in the limited circumstances described below, owners of Book-Entry Interests in Global Notes will not be entitled to receive physical delivery of certificated notes. Transfers of Book-Entry Interests in the Global Notes will be subject to the applicable rules and procedures of Euroclear and Clearstream and their respective direct or indirect participants, which rules and procedures may change from time to time.

Global Notes

The following description of the operations and procedures of Euroclear and Clearstream is provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them from time to time. Neither the Issuer nor the initial purchasers take any responsibility for these operations and procedures and investors are urged to contact the systems or their participants directly to discuss these matters.

Upon the issuance of the Global Notes, the Common Depositary will credit, on its internal system, the respective principal amount of the Book-Entry Interests represented by such Global Notes to the accounts of Euroclear and Clearstream. Euroclear and Clearstream will credit, on their internal systems, the respective principal amounts of the individual Book-Entry Interests in such Global Notes to the accounts of persons who have accounts with Euroclear and Clearstream. Such accounts initially will be designated by or on behalf of the initial purchasers. Ownership of Book-Entry Interests in the Global Notes will be limited to participants or persons who hold interests through participants in Euroclear or Clearstream. Ownership of Book-Entry Interests in the Global Notes will be shown on, and the transfer of that ownership will be effective only through, records maintained by Euroclear and Clearstream or their nominees (with respect to interests of participants) and the records of participants (with respect to interests of persons other than participants).

Payments of principal, premium, if any, interest and Additional Amounts (as defined under the “Description of notes”), if any, on the Global Notes will be made to the order of the Common Depositary or its nominee as the registered owner thereof. We expect that payments by participants to owners of Book-Entry Interests held through those participants will be governed by standing customer instructions and customary practices. None of the Issuer, the trustee, the Common Depositary nor any of their respective agents or nominees will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Issuer expects that the Common Depositary, in its capacity as paying agent, upon receipt of any payment of principal or interest in respect of a Global Note representing any notes held by it or its nominee, will immediately credit the accounts of Euroclear and Clearstream, which in turn will immediately credit accounts of participants in Euroclear and Clearstream with payments in amounts proportionate to their respective Book-Entry Interests in the principal amount of such Global Note for such notes as shown on the records of Euroclear and Clearstream. The Issuer also expects that payments by participants to owners of Book-Entry Interests in such Global Note held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in “street name.” Such payments will be the responsibility of such participants.

Because Euroclear, Clearstream and any of their respective nominees can only act on behalf of their respective participants, who in turn act on behalf of indirect participants and certain banks, the ability of a holder of a Book-Entry Interest in Global Notes to pledge such interest to persons or entities that do not participate in the Euroclear or Clearstream systems, or otherwise take actions in respect of such interest may be limited by the lack of a definitive certificate for such interest. The laws of some countries and some U.S. states require that certain persons take physical delivery of securities in certificated form. Consequently, the ability to transfer Book-Entry Interests in a Global Note to such persons may be limited.

Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of notes (including the presentation of notes for exchange as described below) only at the direction of one or more participants to whose account with Euroclear or Clearstream, as the case may be, Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of the notes as to which such participant or participants has or have given such direction. However, if there is an event of default under the notes, Euroclear and Clearstream reserve the right to exchange the Global Notes for legended notes in certificated form, and to distribute such notes to their respective participants.

Euroclear and Clearstream have advised the Issuer as follows: Euroclear and Clearstream each hold securities for their account holders and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders, thereby eliminating the need for physical movements of certificates and any risk from lack of simultaneous transfers of securities.

Euroclear and Clearstream each provide various services, including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream each also deal with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective account holders may settle trades with each other.

Account holders in both Euroclear and Clearstream are worldwide financial institutions including underwriters, securities brokers and dealers, trust companies and clearing corporations. Indirect access to both Euroclear and Clearstream is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

An account holder’s overall contractual relations with either Euroclear or Clearstream are governed by the respective rules and operating procedures of Euroclear or Clearstream and any applicable laws. Both Euroclear and Clearstream act under such rules and operating procedures only on behalf of their respective account holders, and have no record of, or relationship with, persons holding through their respective account holders.

Although Euroclear and Clearstream currently follow the foregoing procedures to facilitate transfers of interests in Global Notes among participants of Euroclear and Clearstream, they are under no obligation to do so, and such procedures may be discontinued or modified at any time. Neither the Issuer nor the trustee will have any responsibility for the performance by Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Certificated notes

Book Entry Interests representing the Global Notes may also be exchanged for definitive notes upon prior written notice given to the trustee by or on behalf of Euroclear or Clearstream in accordance with the Indenture. If any depositary is at any time unwilling or unable to continue as a depositary for notes for the reasons set forth below, the Issuer will issue certificates for such notes in definitive, fully registered, non-global form without interest coupons in exchange for the applicable Global Notes. Certificates for notes delivered in exchange for any Global Note or Book-Entry Interests therein will be registered in the names, and issued in any approved denominations, requested by Euroclear, Clearstream or the Common Depositary (in accordance with their customary procedures).

As long as the Common Depositary, or any of its nominees, is the registered holder of a Global Note, the Common Depositary or such nominee, as the case may be, will be considered the sole owner and holder of the notes represented by such Global Notes for all purposes under the Indenture and the notes. Unless (1) Euroclear and Clearstream notify the Issuer they are unwilling or unable to continue as clearing agency and a successor clearing agency is not appointed by the Issuer within 90 days, (2) the Common Depositary notifies the Issuer that it is unwilling or unable to continue as Common Depositary and a successor Common Depositary is not appointed by the Issuer within 90 days of such notice and (3) we, at our option, notify the relevant trustee that we elect to cause the issuance of definitive notes in registered form for all, but not a part of, the Global Notes, owners of Book-Entry Interests in such Global Notes will not be entitled to have any portions of such Global Notes registered in their names, will not receive or be entitled to receive physical delivery of notes in certificated form and will not be considered the owners or holders of such Global Notes (or any notes represented thereby) under the Indenture or the notes. In addition, no beneficial owners or any Book-Entry Interest in a Global Note will be able to transfer that interest except in accordance with Euroclear's and Clearstream's applicable procedures (in addition to those under the Indenture).

In the event of a partial transfer of a holding represented by one certificate, or partial redemption of a holding represented by one certificate, (1) a new certificate will be issued to the transferee in respect of the part transferred or redeemed and (2) a further new certificate in respect of the balance of the holding not transferred or redeemed will be issued to the transferor, provided that no certificate in denominations of less than € 50,000 or other than in integral multiples of € 1,000 in excess thereof will be issued. After a holder has duly surrendered a definitive note for transfer, the trustee or the transfer agent will register the transfer and deliver a new definitive note (of a like principal amount to that of the definitive note so transferred) to the transferee at the offices of the trustee. Each new certificate to be issued will be available for delivery within 10 business days at the office of the trustee. The Issuer will pay the costs of preparing, printing, packaging and delivering the definitive notes.

Notwithstanding any statement herein, the Issuer and the trustee reserve the right to impose such transfer, certification, exchange or other requirements, and to require such restrictive legends on certificates evidencing notes, as they may determine are necessary to ensure compliance with the securities laws of the United States and any State therein and any other applicable laws or as Euroclear or Clearstream may require.

Special timing considerations

You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the Global Notes through Clearstream and Euroclear on days when those systems are open for business. Those systems may not be open for business on days when banks, brokers and other institutions are open for business in the United States. In addition, because of time-zone differences, there may be problems with completing transactions involving Clearstream and Euroclear on the same business day as in the United States.

U.S. investors who wish to transfer their interests in the Global Notes, or to receive or make a payment or delivery of notes, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg or Brussels, depending on whether Clearstream or Euroclear is used.

Certain tax considerations

The following summary of the principal Swedish and United States federal income tax consequences of acquisition, ownership and disposition of the notes is based upon laws, regulations, decrees, rulings, income tax conventions (treaties), administrative practice and judicial decisions in effect at the date of this offering memorandum. Legislative, judicial or administrative changes or interpretations may, however, be forthcoming that could alter or modify the statements and conclusions set forth herein. Any such changes or interpretations may be retroactive and could affect the tax consequences to holders of the notes. This summary does not purport to be a legal opinion or to address all tax aspects that may be relevant to a holder of the notes. Each prospective holder is urged to consult its own tax adviser as to the particular tax consequences to such holder of the ownership and disposition of the notes, including the applicability and effect of any other tax laws or tax treaties, and of pending or proposed changes in applicable tax laws as of the date of this offering memorandum, and of any actual changes in applicable tax laws after such date.

Swedish taxation

The following summary outlines Swedish tax consequences to holders of notes who are not resident in Sweden for tax purposes, if not otherwise stated.

Under Swedish tax law payments of any principal or interest in respect of the notes should not be subject to Swedish income tax, unless such holder (1) is resident in Sweden for tax purposes, (2) is engaged in a trade or business in Sweden through a permanent establishment to which the holding is attributable or (3) is an estate which is liable to tax in Sweden. The same applies to capital gains on disposal of notes. Payment of interest or a capital gain may, however, be subject to taxation in the holder's state of residence.

A person is resident in Sweden for tax purposes if he a) is domiciled in Sweden or b) has his habitual abode in Sweden or c) earlier has been domiciled in Sweden and after having moved abroad continues to have an essential connection with Sweden (for example is engaged in trade or business in Sweden). Holders of notes are not deemed to be resident, domiciled or carrying on business in Sweden only by holding of such notes or receiving income attributable to the notes.

There is no Swedish withholding tax imposed on any principal or interest payments to a holder, except for certain payments of interest to a person (or an estate of a deceased person) with residence in Sweden for Swedish tax purposes, nor is there any stamp duty.

European Union Directive on the Taxation of Savings Income

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "EU Savings Directive"), each member state (including Belgium as from January 1, 2010) is required to provide to the tax authorities of another member state details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other member state. However, for a transitional period, Luxembourg and Austria will instead be required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-European Union countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland). A consultation process is currently underway within the European Union in relation to the scope of the EU Savings Directive and, in particular, whether the EU Savings Directive should also extend to payments channeled through intermediate entities and/or to payments considered to be of an interest-like nature.

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

United States federal income taxation

TO ENSURE COMPLIANCE WITH U.S. TREASURY DEPARTMENT CIRCULAR 230, HOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF UNITED STATES FEDERAL TAX ISSUES IN THIS OFFERING MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY HOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON HOLDERS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE ISSUER

IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE ISSUER OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following is a description of the principal United States federal income tax consequences that may be relevant to a U.S. Holder and a Non-U.S. Holder (each as defined below) with respect to the acquisition, ownership and disposition of the notes. This description addresses only the United States federal income tax considerations relevant to holders that acquire the notes upon original issuance pursuant to this offering and that will hold the notes as capital assets.

This summary does not address all aspects of United States federal income taxation that may be relevant to investors in light of their particular circumstances, or to investors subject to special treatment under United States federal income tax law (including, for example, banks or other financial institutions, insurance companies, tax-exempt entities, dealers or traders in securities or currencies, regulated investment companies, real estate investment trusts, grantor trusts, partnerships or other pass-through entities for United States federal income tax purposes, traders in securities that have elected the mark-to-market method of accounting, persons that acquire notes as part of a synthetic security, straddle, hedge, conversion transaction or other integrated investment, persons that own (directly or indirectly) 10% or more, by voting power or value, of Stena AB, U.S. Holders whose functional currency is not the U.S. dollar, persons that received the notes as compensation for the performance of services, and certain former citizens or long-term residents of the United States). In addition, this summary does not address any aspect of United States federal estate and gift or alternative minimum tax consequences, or any foreign, state or local tax considerations. This summary is based on the Internal Revenue Code of 1986, as amended (the “Code”), its legislative history, existing and proposed Treasury Regulations promulgated thereunder, judicial and administrative interpretations thereof, and the tax convention between the United States and Sweden, in each case as in effect and available on the date hereof and all of which are subject to change, possibly on a retroactive basis, which could affect the tax consequences described below.

For purposes of this summary, a “U.S. Holder” is a beneficial owner of a note that is (i) a citizen or individual resident of the United States, (ii) a corporation or other entity taxable as a corporation for United States federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to United States federal income taxation regardless of its source or (iv) a trust (x) if a United States court is able to exercise primary supervision over the administration of such trust and one more United States persons have the authority to control all substantial decisions of such trust or (y) if such trust validly elects to be treated as a United States person for United States federal income tax purposes.

A “Non-U.S. Holder” is a beneficial owner of a note that is not a partnership and is not a U.S. Holder. For the United States federal income tax consequences to a holder that is a Non-U.S. Holder, see the discussion below under “—Non-U.S. Holders.”

If a partnership (or an entity treated as a partnership for United States federal income tax purposes) holds notes, the United States federal income tax treatment of a partner in such partnership will generally depend on the status of the partner and the activities of the partnership. Such a partner or partnership should consult its tax advisors as to the tax consequences of an investment in the notes.

Prospective holders should consult their own tax advisors with respect to the United States federal, state, local and foreign tax consequences of acquiring, owning or disposing of the notes in light of their particular circumstances.

U.S. Holders

Payments of interest. Payments of interest on a note generally will be included in the income of a U.S. Holder as ordinary interest income in accordance with the U.S. Holder’s method of accounting for United States federal income tax purposes.

A U.S. Holder of a note that uses the cash basis method of accounting will be required to include in income the U.S. dollar value of any interest received, determined by translating the euro received at the “spot rate” for euro on the date such payment is received regardless of whether the payment is in fact converted into U.S. dollars at that time. Generally, no exchange gain or loss will be recognized with respect to the receipt of such payment, but a U.S. Holder may have exchange gain or loss when the holder disposes of the euro. See “Certain tax considerations—U.S. Holders—Exchange gain or loss with respect to foreign currency”.

A U.S. Holder of a note that uses the accrual method of accounting may determine the amount of income recognized with respect to such interest received on a note in accordance with either of two methods. Under the first method, the U.S. Holder will be required to include in income for each taxable year the U.S. dollar value of the interest accrued on the note during such year, determined by translating the interest at the average rate of exchange for the period or periods during which the interest accrued. Under the second method, the U.S. Holder may elect to translate interest income on the note at the spot rate on (i) the last day of the accrual period, (ii) the last day of the taxable year if the accrual period straddles the U.S. Holder's taxable year, or (iii) the date the interest payment is received if such date is within five days of the end of the accrual period. If the U.S. Holder makes the election, the U.S Holder must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the Internal Revenue Service ("IRS"). Upon receipt of an interest payment on a note (including, upon the sale of a note, the receipt of proceeds which include amounts attributable to accrued interest previously included in income), a U.S. Holder will recognize gain or loss in an amount equal to the difference between the U.S. dollar value of such payment (determined by translating the euro received at the spot rate for euro on the date such payment is received) and the U.S. dollar value of the interest income the holder previously included in income with respect to such payment. Such gain or loss will be treated as ordinary income or loss, and generally will be United States source gain or loss.

If any foreign taxes are withheld with respect to interest payments on a note, a U.S. Holder would be required to include in income any additional amounts (as described under "Description of notes—Payment of additional amounts" in this offering memorandum) received and any tax withheld from the interest payment and any additional amounts, notwithstanding that such withheld tax is not in fact received by such U.S. Holder. A U.S. Holder may be entitled to deduct or credit this tax, subject to certain limitations (including that the election to deduct or credit foreign taxes applies to all foreign taxes for a particular year). Interest income (including foreign taxes withheld from the interest payments and any additional amounts) on the notes generally will be considered foreign source income and, for purposes of certain limitations imposed on the United States foreign tax credit, generally will be considered passive income. The calculation of foreign tax credits or deductions and the timing thereof for United States federal income tax purposes involves the application of complex rules that depend upon a U.S Holder's particular circumstances. Accordingly, U.S. Holders are urged to consult their tax advisors regarding the creditability or deductibility of such taxes.

Sale, exchange, retirement or disposition of notes. A U.S. Holder will generally recognize capital gain or loss upon the sale, exchange, retirement or other disposition (collectively, a "disposition") of a note in an amount equal to the difference, if any, between the amount realized from such disposition (less any amounts attributable to accrued interest, which will be taxable as ordinary interest income unless such interest has already been taken into account by such U.S. Holder) and such U.S. Holder's adjusted tax basis in the note. A U.S. Holder's adjusted tax basis in a note generally will equal the holder's initial tax basis in the note, which generally will be the holder's U.S. dollar cost of purchasing the note.

If a note was purchased with foreign currency, the U.S. Holder's cost generally will be the U.S. dollar value of the foreign currency amount paid for the note determined at the time of such purchase. If a note is sold, exchanged or retired for an amount denominated in foreign currency, then the amount realized generally will be based on the spot rate of the foreign currency on the date of sale, exchange or retirement. If the U.S. Holder is a cash method taxpayer and the notes are traded on an established securities market, foreign currency paid or received is translated into U.S. dollars at the spot rate on the settlement date of the purchase or sale. An accrual method taxpayer may elect the same treatment with respect to the purchase and sale of notes traded on an established securities market, provided that the election is applied consistently.

Subject to the foreign currency rules discussed below, non-corporate U.S. Holders will be eligible for preferential capital gains rates if the notes are held in excess of one year. The deductibility of capital losses is subject to certain limitations. Capital gain or loss, if any, realized by a U.S. Holder on the disposition of notes generally will be treated as United States source income or loss for United States foreign tax credit purposes.

A portion of a U.S. Holder's gain or loss with respect to the principal amount of a note may be treated as exchange gain or loss. Exchange gain or loss will be treated as ordinary income or loss and generally will be United States source gain or loss. For these purposes, the amount of exchange gain or loss recognized is equal to the difference between (i) the U.S. dollar value of the principal amount determined on the date of the disposition of the note, and (ii) the U.S. dollar value of the principal amount determined on the date you purchased the note. The amount of exchange gain or loss will be limited to the amount of overall gain or loss realized on the disposition of the note.

Exchange gain or loss with respect to foreign currency. A U.S. Holder's tax basis in the euro received as interest on the notes will be the U.S. dollar value thereof at the spot rate in effect on the date the foreign currency is received. The U.S. Holder's tax basis in foreign currency received on the disposition of a note will be equal to the U.S. dollar value of the foreign currency, determined at the time of the disposition. As discussed above, if the notes are traded on an established securities market, a cash basis U.S. Holder (or, upon election, an accrual basis U.S. Holder) will determine the U.S. dollar value of the foreign currency by translating the foreign currency received at the spot rate of exchange on the settlement date of the disposition. Accordingly, a U.S. Holder's basis in the foreign currency received would be equal to the spot rate of exchange on the settlement date.

Any gain or loss recognized by a U.S. Holder on a disposition of the foreign currency will be ordinary income or loss and generally will be United States source gain or loss.

Reportable transactions. Under the Treasury regulations, certain transactions are required to be reported to the IRS, including, in certain circumstances, a disposition of a foreign currency note or foreign currency received in respect of a foreign currency note to the extent that such disposition results in a tax loss in excess of a threshold amount. Prospective investors should consult with their own tax advisors to determine the tax return obligations, if any, with respect to an investment in the notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

Non-U.S. Holders

Subject to the discussion below regarding information reporting and backup withholding, an investment in the notes by Non-U.S. Holders will generally not give rise to any United States federal income or withholding tax consequences, unless (i) the interest received on, or any gain recognized on the disposition of, the notes by such holders is treated as effectively connected with the conduct of a trade or business in the United States by such holders or (ii) in the case of gains recognized by an individual, such individual is present in the United States for 183 days or more and certain other conditions are met. Non-U.S. Holders are urged to consult their tax advisors as to their exemption from backup withholding and the procedure for obtaining such an exemption.

Information reporting and backup withholding

Information reporting will generally apply to payments of principal and interest on a note and to the proceeds of the disposition of a note by U.S. Holders other than certain exempt recipients (such as corporations). In addition, backup withholding may apply to such payments if the U.S. Holder fails to provide its taxpayer identification number (which, in the case of an individual, is his or her social security number) a certification of exempt status, or otherwise fails to comply with applicable backup withholding requirements, or if the U.S. Holder fails to report in full dividend and interest income. A U.S. Holder that does not provide its correct taxpayer identification number may be subject to penalties imposed by the IRS. A non-U.S. Holder may, in certain circumstances, be required to comply with certain information and identification procedures establishing that it is not a United States person to avoid information reporting and backup withholding.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against a holder's United States federal income tax liability, provided that the requisite procedures are followed and certain information is timely provided to the IRS.

Plan of distribution

Subject to the terms and conditions in the purchase agreement between us and the initial purchasers, we have agreed to sell to the initial purchasers, and the initial purchasers have agreed to purchase from us, the entire principal amount of the notes.

The obligations of the initial purchasers under the purchase agreement, including their agreement to purchase notes from us, are several and not joint. The purchase agreement provides that the initial purchasers will purchase all the notes if any of them are purchased.

The initial purchasers initially propose to offer the notes for resale at the issue price that appears on the cover of this offering memorandum. After the initial offering, the initial purchasers may change the offering price and any other selling terms. The initial purchasers may offer and sell notes through certain of their affiliates.

In the purchase agreement, we have agreed that:

- We will not offer or sell any of our long-term debt securities (other than the notes) for a period of 60 days after the date of this offering memorandum without the prior consent of the initial purchasers.
- We will indemnify the initial purchasers against certain liabilities, including liabilities under the Securities Act, or contribute to payments that the initial purchasers may be required to make in respect of those liabilities.

The notes have not been registered under the Securities Act or the securities laws of any other place. In the purchase agreement, each initial purchaser has agreed that:

- The notes may not be offered or sold within the United States or to persons in the United States except pursuant to an exemption from the registration requirements of the Securities Act or in transactions not subject to those registration requirements.
- During the initial distribution of the notes, it will offer or sell notes only to qualified institutional buyers in compliance with Rule 144A and outside the United States in compliance with Regulation S.

In addition, with respect to notes initially sold pursuant to Regulation S until 40 days after the commencement of the offering of the notes, an offer or sale of notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from registration under the Securities Act.

In the purchase agreement, each initial purchaser has represented and agreed that:

- (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 the notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses;
- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) received by it in connection with the issue or sale of the notes in circumstances in which Section 21(1) of the Financial Services and Markets Act 2000 does not apply to us; and
- it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

The notes are a new issue of securities, and there is currently no established trading market for the notes. In addition, the notes are subject to certain restrictions on resale and transfer as described under “Transfer restrictions”. The initial purchasers have advised us that they intend to make a market in the notes, but they are not obligated to do so. The initial purchasers may discontinue any market making in the notes at any time in their sole discretion. Accordingly, a trading market for the notes may not develop, that you may be unable to sell your notes at a particular time or the prices that you receive when you sell your notes may be favorable.

You should be aware that the laws and practices of certain countries require investors to pay stamp taxes and other charges in connection with purchases of securities.

In connection with the offering of the notes, Deutsche Bank AG, London Branch may engage in overallotment, stabilizing transactions and syndicate covering transactions. Overallotment involves sales in excess of the offering size, which creates a short position for the initial purchasers. Stabilizing transactions involve bids to purchase the notes in the open market for the purpose of pegging, fixing or maintaining the price of the notes. Syndicate covering transactions involve purchases of the notes in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions and syndicate covering transactions may cause the price of the notes to be higher than it would otherwise be in the absence of those transactions. If Deutsche Bank AG, London Branch engages in stabilizing or syndicate covering transactions, it may discontinue them at any time.

The initial purchasers and their affiliates perform various financial advisory, investment banking and commercial banking services from time to time for us and our affiliates. Deutsche Bank AG, London Branch, J.P. Morgan and J.P. Morgan Chase Bank are arrangers and in addition, an affiliate of Deutsche Bank AG, London Branch will act as trustee under the indenture.

Legal matters

Certain legal matters in connection with the offering of the notes will be passed on for us by Skadden, Arps, Slate, Meagher & Flom (UK) LLP, London, United Kingdom, as to matters of U.S. federal and New York law, and by Wistrand Advokatbyrå Göteborg KB, Gothenburg, Sweden, as to certain matters of Swedish law. Certain other legal matters will be passed on for the initial purchasers by Simpson Thacher & Bartlett LLP, London, United Kingdom. Anne-Marie Pouteaux, a director of our board of directors and a director of Stena Bulk, is a member of Wistrand Advokatbyra Goteborg KB.

Independent auditors

The consolidated financial statements of Stena AB as of December 31, 2007 and December 31, 2008, and for the years then ended, included in this offering memorandum have been audited by KPMG AB, independent auditor, as stated in their report appearing herein. KPMG AB are members of FAR, the Swedish Institute of Authorized Public Accountants. KPMG AB has given and not withdrawn its written consent to the inclusion of its report herein in the form in which it is included and has authorized such content in this offering memorandum. As the notes offered hereby have not been, and will not be, registered under the Securities Act, KPMG AB has not filed or given consent under the Securities Act.

Listing and general information

1. We currently file with the SEC, on a voluntary basis, reports and other information meeting the reporting requirements of the Exchange Act applicable to a foreign private issuer. As a foreign private issuer, we are not required to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. Our reports and other information may be obtained from or viewed at the SEC's Public Reference Room, 450 Fifth Street, N.W., Washington D.C. 20549 and at the SEC's regional offices at 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. For more information on the operation of the Public Reference Room, call the SEC in the United States at 1-800-SEC-0330. The SEC also maintains a website that contains reports and other information regarding registrants. The address of this website is www.sec.gov.

2. We intend to furnish to the holders of the notes annual reports containing audited financial statements examined by our independent auditors, and quarterly reports for the first three quarters of each fiscal year containing unaudited financial information. Such annual audited financial statements, which will include a report thereon by our independent auditors, will be prepared in accordance with International Financial Reporting Standards.

3. Copies of the Indenture, the board resolution relating to the offering, our statutory documents and our three most recent annual reports as of the date of this offering memorandum are available in The Grand Duchy of Luxembourg and are obtainable and may be inspected at the offices of Deutsche Bank Luxembourg S.A., the paying agent in Luxembourg.

4. So long as any of the notes are listed on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, notices will be published in a leading newspaper having a general circulation in The Grand Duchy of Luxembourg (which is expected to be the *Luxemburger Wort*). Notices may also be published on the website of the Luxembourg Stock Exchange at www.bourse.lu.

5. As of the date of this offering memorandum, there has been no material adverse change in our financial position or prospects since December 31, 2009.

6. Other than as disclosed elsewhere in this offering memorandum, we have not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which we are aware) during the 12 months preceding the date of this offering memorandum which may have or has had in the recent past significant effects on our financial position or profitability.

7. Final redemption price: The Company will pay on the maturity date of March 15, 2020 the principal amount of notes then outstanding.

8. Under the Indenture, Stena AB submitted to the jurisdiction of any Federal or State court in the City, County and State of New York, United States of America, in any suit or proceeding based on or arising under the notes or the Indenture (solely in connection with any such suit or proceeding), and agreed that all claims in respect of such suit or proceeding may be determined in any such court.

9. Stena AB, the issuer, is the parent company of the Stena AB Group, which consists of various wholly or partly owned operating and holding companies.

Index to financial statements

Report of Independent Registered Public Accounting Firm

The Board of Directors and shareholders, Stena AB (publ)

We have audited the consolidated balance sheets of Stena AB (publ) and subsidiaries as of December 31, 2008 and 2007, and the related consolidated statement of income and cash flows for each of the years in the two-year period ended December 31, 2008, and the related consolidated statements of changes in shareholders' equity for each of the years in the two-year period ended December 31, 2008. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain high but not absolute assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Stena AB (publ) and subsidiaries as of December 31, 2008 and 2007, and the results of their operations and their cash flows for each of the years in the two-year period ended December 31, 2008 and the related consolidated statements of changes in shareholders' equity for each of the years in the two-year period ended December 31, 2008 in conformity with International Financial Reporting Standards as approved by the EU.

Stockholm, Sweden
April 29, 2009
KPMG AB

Thomas Thiel
Authorized Public Accountant

Stena AB and consolidated subsidiaries
Consolidated income statements

In millions	Note	Years ended 31 December 2007 SEK	2008 SEK	2008 USD[1]
Revenues				
Ferry		9,868	10,309	1,309
Drilling		3,842	6,087	773
Shipping		3,830	4,171	530
Property		1,989	2,085	265
New Businesses		2,118	3,694	469
Other		8	48	6
Total revenues		**21,655**	**26,394**	**3,352**
Net gain on sales of assets	4	350	372	47
Total other income		350	372	47
Net valuation on investment properties	14	397	(294)	(37)
Total income	3	**22,402**	**26,472**	**3,362**
Direct operating expenses				
Ferry		(6,623)	(7,483)	(950)
Drilling		(1,729)	(2,258)	(287)
Shipping		(3,174)	(3,329)	(422)
Property		(784)	(739)	(94)
New Businesses		(1,756)	(2,858)	(363)
Other		(19)	(12)	(2)
Total direct operating expenses		(14,085)	(16,679)	(2,118)
Gross profit		**8,317**	**9,793**	**1,244**
Selling expenses	19	(764)	(1,131)	(144)
Administrative expenses	5	(1,413)	(1,789)	(227)
Depreciation and amortization	3	(1,680)	(2,501)	(318)
Income from operations	3,34	**4,460**	**4,372**	**555**

In millions	Note	Years ended 31 December 2007 SEK	2008 SEK	2008 USD[1]
Share of associated companies' results	6	(61)	(80)	(10)
Result from securities and receivables accounted for as fixed assets	7	1,064	(1,990)	(253)
Other interest income and similar profit/loss items	8	944	1,383	176
Interest expense and similar profit/loss items	9	(1,946)	(2,307)	(293)
Finance net		**1**	**(2,994)**	**(380)**
Income before taxes		**4,461**	**1,378**	**175**
Income taxes	10	(632)	367	49
Net income		**3,829**	**1,745**	**224**
Earnings attributable to:				
Equity holders of the Parent Company		3,808	1,752	225
Minority interests	15	21	(7)	(1)
Net Income		3,829	1,745	224

1) Unaudited—Note 1

The accompanying notes form an integral part of these Consolidated Financial Statements.

Stena AB and consolidated subsidiaries
Consolidated balance sheets

In millions	Note	31 December 2007 SEK	2008 SEK	2008 USD[1]
ASSETS				
Noncurrent assets:				
Intangible assets:	11			
Goodwill		531	1,512	192
Trademarks			842	107
Distribution agreements			489	62
Other intangible assets		159	195	25
Total intangible assets		690	3,038	386
Tangible fixed assets:				
Vessels	12	15,343	24,391	3,096
Construction in progress	12	5,821	7,555	959
Equipment	12	732	1,373	174
Buildings and land	13	359	898	100
Ports	13	1,092	946	120
Total tangible fixed assets		23,347	35,163	4,449
Property	14	22,555	23,320	2,975
Financial fixed assets:				
Investment in associated companies	6	1,403	932	118
Investment in SPEs	15	9,251	9,973	1,266
Marketable securities	16	7,674	2,650	336
Other noncurrent assets	17,23	5,435	5,771	733
Total financial fixed assets		23,763	19,326	2,453
Total noncurrent assets		**70,355**	**80,847**	**10,263**
Current assets:				
Inventories	18	418	675	86
Trade debts	19	2,670	3,649	463
Other current receivables	19	3,197	3,532	448
Prepaid expenses and accrued income	19	996	1,694	215
Short-term investments	20	3,180	5,093	647
Cash and cash equivalents	21	708	1,431	182
Fixed assets held for sale	22		448	57

In millions	Note	31 December 2007 SEK	2008 SEK	2008 USD[1]
Total current assets		11,169	16,522	2,098
Total assets	3	**81,524**	**97,369**	**12,361**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity:				
Share capital		5	5	1
Reserves		1,615	1,172	131
Retained earnings		20,766	24,165	3,083
Net income		3,829	1,745	224
Equity attributable to equity holders of the company		26,215	27,087	3,439
Minority interest	15	171	367	47
Total shareholders' equity		26,386	27,454	3,486
Noncurrent liabilities:				
Deferred income taxes	23	4,127	3,571	453
Pension liabilities	24	1,475	1,267	161
Other provisions	25	2,713	2,029	257
Long-term debt	26	23,312	34,671	4,402
Debt in SPEs	15	8,021	9,492	1,205
Senior Notes	27	5,973	6,622	841
Capitalized lease obligations	28	2,307	1,991	253
Other noncurrent liabilities	29	886	2,654	336
Total noncurrent liabilities		48,814	62,297	7,908
Current liabilities:				
Short-term debt	26	985	1,389	176
Capitalized lease obligations	28	154	135	17
Trade accounts payable		1,113	1,220	155
Income tax payable		116	79	10
Other current liabilities		599	1,951	248
Accrued costs and prepaid income	30	3,357	2,844	361
Total current liabilities		6,324	7,618	967
Total shareholders' equity and liabilities		**81,524**	**97,369**	**12,361**
Pledged assets	31			
Commitments and contingent liabilities	31			

1) Unaudited—Note 1

The accompanying notes form an integral part of these Consolidated Financial Statements.

Stena AB and consolidated subsidiaries
Consolidated statements of cash flows

In millions	Note	Years ended 31 December 2007 SEK	2008 SEK	2008 USD(1)
Net cash flows from operating activities				
Net income		3,829	1,745	224
Depreciation and amortization	3	1,680	2,501	318
Net valuation of investment properties		(397)	294	37
Share of affiliated companies' results		61	80	10
Dividend from affiliated companies		12	38	5
(Gain) on sale of tangible fixed assets	4	(350)	(372)	(47)
(Gain)/loss on securities, net		(950)	1,785	227
Unrealized foreign exchange (gains)/losses		(79)	79	10
Deferred income taxes	10	482	(620)	(79)
Provision for pensions		(221)	(233)	(30)
Other non cash items		(113)	(74)	(9)
Net cash flows from trading securities		(425)	565	72
Cash flow from operations before changes in working capital		3,529	5,788	738
Changes in working capital:				
Receivables		(1,094)	(80)	(10)
Prepaid expenses and accrued income		(251)	(514)	(65)
Inventories		(104)	(355)	(45)
Trade accounts payable		87	(155)	(20)
Accrued costs and prepaid income		1,547	26	3
Income tax payable		(44)	(55)	(7)
Other current liabilities		916	726	92
Net cash provided by operating activities		**4,586**	**5,381**	**686**
Net cash flows from investing activities:				
Purchase of intangible assets		(53)	(54)	(7)
Cash proceeds from sale of tangible fixed assets	4	1,211	1,560	198
Capital expenditure on tangible fixed assets		(8,315)	(9,642)	(1,224)

In millions	Note	Years ended 31 December 2007 SEK	2008 SEK	2008 USD[(1)]
Purchase of subsidiary, net of cash acquired	32	—	(605)	(77)
Investments in affiliated companies		(697)	(402)	(51)
Proceeds from sale of securities		5,439	7,353	933
Purchase of securities		(9,245)	(4,744)	(602)
Increase of noncurrent assets		(1,171)	(1,272)	(161)
Decrease of noncurrent assets		10	424	54
Other investing activities		(41)	(15)	(2)
Net cash used in investing activities		**(12,862)**	**(7,397)**	**(939)**
Net cash flows from financing activities:				
Proceeds from issuance of debt		9,868	9,827	1,247
Principal payments on debt		(2,688)	(3,631)	(461)
Net change in borrowings on line-of-credit agreements		2,193	(188)	(24)
Proceeds from new capitalized lease obligations		—	46	6
Principal payments on capitalized lease obligations		(38)	(687)	(87)
Net change in restricted cash accounts		(420)	(2,896)	(368)
Dividends paid		(550)	(390)	(50)
Other financing activities		(301)	633	79
Net cash provided by financing activities		**8,064**	**2,714**	**342**
Effect of exchange rate changes on cash and cash equivalents		36	25	3
Net change in cash and cash equivalents		**(176)**	**723**	**92**
Cash and cash equivalents at beginning of year		**884**	**708**	**90**
Cash and cash equivalents at end of year		**708**	**1,431**	**182**

1) Unaudited—Note 1

The accompanying notes form an integral part of these Consolidated Financial Statements.

Stena AB and consolidated subsidiaries
Consolidated statements of changes in shareholders' equity

	Attributable to equity holders of the company							
SEK million	**Share capital**	**Fair value reserve**	**Hedging reserve**	**Translation reserve**	**Retained earnings including Net income**	**Total**	**Minority interest**	**Total equity**
Closing balance as per 31 December, 2006 according to previous accounting principles	5	**901**		**842**	**16,839**	**18,587**	**162**	**18,749**
Effect on transition to IFRS			579	(842)	4,621	4,358		4,358
Closing balance as per 31 December, 2006	5	**901**	**579**		**21,460**	**22,945**	**162**	**23,107**
Exchange differences arising on the translation of foreign operations, net of tax				(46)		(46)	(12)	(58)
Share of associated company					(89)	(89)		(89)
Change in Hedging reserve, net of tax bunker hedge valuation			3			3		3
Change in fair value reserve, net of tax		(66)				(66)		(66)
Change in net investment hedge, net of tax			265			265		265
Net income recognised directly in equity		**(66)**	**268**	**(46)**	**(89)**	**67**	**(12)**	**55**
Net income					3,808	3,808	21	3,829
Total recognised income and expense		(66)	268	(46)	3,719	3,875	9	3,884
Dividend					(550)	(550)		(550)
Transfer to charitable trust					(55)	(55)		(55)
Closing balance as per 31 December, 2007	5	**835**	**847**	**(46)**	**24,574**	**26,215**	**171**	**26,386**
Exchange differences arising on the translation of foreign operations, net of tax				3,156		3,156	36	3,192
Acquisition of subsidiaries							167	167
Change in Hedging reserve, net of tax bunker hedge valuation			(1,189)			(1,189)		(1,189)
interest swap hedge			(139)			(139)		(139)
Change in fair value reserve, net of tax		(2,077)				(2,077)		(2,077)
Change in net investment hedge, net of tax			(201)			(201)		(201)
Net income recognised directly in equity		**(2,077)**	**(1,529)**	**3,156**		**(450)**	**203**	**(247)**
Net income					1,752	1,752	(7)	1,745

SEK million	Share capital	Fair value reserve	Hedging reserve	Translation reserve	Retained earnings including Net income	Total	Minority interest	Total equity
	Attributable to equity holders of the company							
Total recognised income and expense		**(2,077)**	**(1,529)**	**3,156**	**1,752**	**1,302**	**196**	**1,498**
Dividend					(390)	(390)		(390)
Transfer to charitable trust					(40)	(40)		(40)
Closing balance as per 31 December, 2008	5	**(1,242)**	**(682)**	**3,156**	**25,917**	**27,087**	**367**	**27,454**
Dividend per share (SEK):								
2007	11,000							
2008	7,800							

The accompanying notes form an integral part of these Consolidated Financial Statements.

SEK million	Fair value reserve	Hedging reserve	Translation reserve
Specification of the reserves:			
Closing balance as per 31 December, 2006	**901**	**579**	
Exchange differences arising on the translation of foreign operations, net of tax			(67)
Change in Hedging reserve, net of tax valuation of bunker hedges		635	
taken to profit and loss, operating expenses		(632)	
Change in fair value reserve, net of tax valuation available for sale shares	(66)		
Change in net investment hedge, net of tax		265	
Closing balance as per 31 December, 2007	**835**	**847**	**(67)**
Exchange differences arising on the translation of foreign operations, net of tax			3,163
Change in Hedging reserve, net of tax valuation of bunker hedges		(607)	
taken to profit and loss, operating expenses		(582)	
valuation of interest swap hedge		(139)	
Change in fair value reserve, net of tax valuation available for sale shares	(2,077)		
Change in net investment hedge, net of tax		(201)	
Closing balance as per 31 December, 2008	**(1,242)**	**(682)**	**3,096**

Fair value reserve

This reserve arises on the valuation of available-for-sale financial assets. When an available-for-sale asset is sold, the portion of the reserve that relates to that financial asset and is effectively realized, is recognized in profit or loss. When an available-for-sale asset is impaired, the portion of the reserve that relates to that financial asset is recognized in the income statement.

Hedging reserve

The hedging reserve represents hedging gains and losses recognized on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognized in profit or loss when the hedged transaction impacts the profit or loss. Hedge accounting is applied for certain bunker fuel purchases and certain interest swap instruments.

Translation reserve

Exchange differences relating to the translation from the functional currencies of the Stena Group's foreign subsidiaries into SEK are accumulated to the translation reserve. Upon the sale of a foreign operation, the accumulated translation amounts are recycled to the income statement and included in the gain or loss on the disposal.

The accompanying notes form an integral part of these Consolidated Financial Statements.

Stena AB and consolidated subsidiaries
Notes to consolidated financial statements

Amounts are shown in SEK millions unless otherwise stated

1 Summary of Significant Accounting Principles

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), including statements from the International Financial Reporting Interpretations Committee (IFRIC), as issued by the IASB and approved by the EU. The Group has applied IFRS as from 1 January 2007 and this is the Group's first financial statement in accordance with IFRS. The conversion to IFRS has taken place voluntarily, in accordance with the Swedish Annual Accounts Act, 7:33. The effects of the conversion to IFRS are reported in Note 36. IAS 33, Earnings Per Share, is not applied, since Stena AB is not a listed company.

Further supplementary disclosures have been provided in accordance with the Swedish Financial Accounting Standards Council's recommendation RFR 1.1 Supplementary Accounting Rules for Groups, and the relevant statements from the Swedish Financial Reporting Board. In accordance with IAS 1, the companies of the Stena Group apply uniform accounting principles, irrespective of local legislation. The principles below have been applied consistently for all the years covered by this Financial Report.

The Parent Company's financial statements have been prepared according to the same accounting principles applied for the Group. All exceptions are described in the section "Parent Company's accounting principles".

The Financial Report and Consolidated Financial Statements were approved for issue by the Board of Directors on 21 April, 2009. The balance sheets and income statements will be adopted by the Annual General Meeting on 11 June 2009.

In conjunction with the preparation of this financial statement, senior management has made estimates and assumptions which affect the carrying amounts of assets and liabilities, as well as contingent liabilities at the date of the financial statement and recognised revenues and costs. The actual future outcome of specific transactions may differ from the outcome estimated at the date of preparation of this financial statement. Differences of this type will impact the outcome of financial statements in forthcoming accounting periods. Areas involving a high degree of assessment, which are complex or in which the assumptions and estimations are of material significance to the consolidated financial statements are stated in Note 2.

The Group's financial statements are based on acquisition cost, with the exception of available-for-sale financial assets, financial assets and financial liabilities valued at fair value through the income statement and investment properties, which are recognised at fair value.

Solely for the convenience of the reader, the 2008 financial statements have been translated from Swedish kronor (SEK) into United States dollars (USD) using the 31 December, 2008 Noon Buying Rate of the Federal Reserve Bank of New York of USD 1.00=SEK 7.8770.

Basis of consolidation

The consolidated financial statements include Stena AB and all subsidiaries, defined as companies in which Stena AB, directly or indirectly, owns shares representing more than 50% of the voting rights or, in any other way, has a controlling influence.

As regards companies acquired or divested during the year, the following applies:

- companies acquired during the year have been included in the consolidated income statement as of the date upon which control was gained.
- companies divested during the year are included in the consolidated income statement until the date upon which Stena's control ceased.

The Group's consolidated financial statements include the financial statements for the Parent Company and its directly or indirectly owned subsidiaries after:

- elimination of inter-company transactions and

- amortisation of acquired surplus values

Equity in the Group includes equity in the Parent Company and the portion of equity in the subsidiaries arising after the acquisition.

Minority shareholdings are recognised in equity as a separate category. The minority share of profit/loss for the year is specified following the net profit/loss for the year in the income statement.

Business combinations and goodwill

All business combinations have been reported in accordance with the purchase method. Stena applies IFRS 3, Business Combinations, to acquisitions effected after 1 January 2007, in accordance with the transitional regulations of IFRS 1. Stena has chosen not to restate earlier acquisitions.

The consolidated financial statements have been prepared according to the purchase method. This method entails that the assets, liabilities and contingent liabilities owned by the acquiring company at acquisition date are valued to determine their group acquisition value, which requires that estimates be made. The valuation of acquired land, buildings and equipment is carried out either by an external party or by an internal party on the basis of available market information. The reporting of financial assets and liabilities, as well as inventories, is based on available market information. The fair value of significant intangible fixed assets is determined either with the help of independent valuation experts or internally, through the use of generally accepted valuing methods, which are usually based on future cash flows.

In the event that the acquisition cost exceeds the market value of the identified assets, liabilities and contingent liabilities, the difference is accounted for as goodwill.

In the event that the fair value of the acquired net assets exceeds the acquisition cost, the acquirer shall identify and value the acquired assets again. Any remaining surplus in a revaluation shall immediately be taken up as income. The acquisition analysis (the method utilised for the allocation of acquisition cost to acquired identified net assets and goodwill), shall, in accordance with IFRS, be completed within twelve months of acquisition date. Once the acquisition analysis has been reviewed and approved by management, goodwill is allocated to cash generating units and impairment testing is carried out at least once per year from the date upon which this allocation is completed. Goodwill is not amortised.

Associated companies

The equity method of accounting is used for companies in which the Company owns shares representing between 20% and up to a maximum of 50% of the voting rights and/or has a significant interest. This method entails that investments are initially reported at acquisition value. The Group's investment in associated companies includes goodwill identified on acquisition, net of any accumulated impairment loss. See "impairment of non-financial assets" including goodwill below. The carrying amount is subsequently increased or decreased to reflect the owner company's share of the associated companies' gains or losses after the acquisition. The Group's share of the associated companies' net income is reported in the consolidated income statement under the line "Result from associated companies", in the finance net. Received dividends are settled against the book value of the respective participations.

Translation of foreign operations

The functional currency of Stena AB and the Group is the Swedish krona (SEK). All foreign subsidiaries report in their functional currencies, the currency used in the primary economic environment of the companies. In consolidation, all balance sheet items have been translated into SEK at the closing rate of exchange. Profit/loss items have been translated using average exchange rates. Translation differences resulting from this translation since 1 January 2007, the date of the changeover to IFRS, are reported as a separate item in equity. Such translation differences are reported in the income statement upon disposal of the foreign operations.

Segment reporting

IFRS 8 Operating segment, effective date 1 January 2009, has been applied in preparing these consolidated financial statements. Operating income is reported in such a manner as to correspond with the internal reporting submitted to the chief operating decision-maker. The chief operating decision-maker is the function responsible for the allocation of resources and the assessment of the operating segments' results. In the Group, this function has been identified as Stena AB's Board of Directors, which takes strategic decisions.

The Group's primary segments, its business areas, comply with internal control and reporting. This forms the basis of the identification of primary risks and the varying returns that exist in the business, and is based on the various business models for the Group's end clients. The segments are responsible for operating profit/loss, EBITDA (operating income before amortisation) and for those assets utilised in their operations, whilst net financial income, taxes and equity are not reported per segment. Operating profit/loss and assets for the segment are consolidated in accordance with the same principles as the rest of the Group as a whole. Operating profit/loss that is not included in the segment is reported under Other and covers Group-wide activities, including Group management and central staff. Sales between segments take place on market conditions and at market prices.

The Stena Group's business areas and, thereby, its segments are:

- Ferry operations
- Drilling operations
- Shipping operations
- Property operations
- New businesses—Adactum

Revenue recognition

Revenue includes the fair value of amounts received or to be received regarding services and goods sold in the Group's operating activities. Revenue is reported excluding value-added tax, returns and discounts and after elimination of internal Group sales.

The Group reports revenue when the amount can be measured in a reliable way, it is probable that future economic benefits will fall to the Company and specific criteria have been fulfilled for each of the Group's operations. Revenue amounts are not considered to be reliably measurable until all commitments regarding sales have been met or have fallen due. The Group bases its judgements on historical outcome, thereby considering the type of client, type of transaction, and special circumstances in each individual case.

The Group's shipping and drilling revenues are derived from charter contracts. Revenue is recognised evenly within the charter period. Provisions are made in advance for any ongoing loss contracts.

Revenues from the Group's ferry operations consist of ticket sales, onboard sales, and freight revenues and are recognised in the period in which services are rendered.

IFRIC 13 Customer Loyalty Programmes, addresses the accounting by Stena Line that operates customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. The fair value of the total consideration received in the initial sales transaction is allocated between the award credits and the sale of the goods or services. The revenue related to the award credits granted is recognised in profit or loss when the risk of a claim being made expires.

Rental income from the Company's real estate operations is derived from leases and is recognised on a straight line basis over the life of the leases.

Sales of goods are recognised at the date upon which the Group company sells a product to the customer in accordance with the terms of sale. Sales are usually paid for in cash or by credit card.

Contract assignments in progress from operations within the Adactum Group are recognised according to the percentage of completion method on all of the assignments in which outcome can be calculated in a satisfactory manner. Revenues and costs are reported in the income statement in relation to the assignment's degree of completion. The degree of completion is determined on the basis of assignment costs incurred in relation to the estimated assignment costs for the entire assignment. Anticipated losses are expensed immediately.

Sales of vessels and properties are recognised in other income. Revenue recognition takes place when all material benefits and risks have been transferred to the buyer.

Interest income is recognised as income in finance net distributed over the term with application of the effective interest method.

Dividend income is recognised when the right to payment is received and reported in net financial income/expense.

Tangible fixed assets

Tangible fixed assets are recognised in the balance sheet when, on the basis of available information, it is likely that the future economic benefit associated with the holding accrues to the Group and the acquisition cost of the asset can be reliably calculated.

Vessels, equipment and real estate used in business operations are recorded at acquisition cost less accumulated depreciation and any impairment charges. Acquisition expenditure is capitalised upon acquisition. Repairs and maintenance costs for tangible fixed assets are charged to the income statement for the year.

Dry-docking costs for vessels are capitalised and amortised over a period of two to five years. For vessels, the Company uses appraisals carried out by independent vessel brokers. If a review indicates that the net book value of an asset exceeds its recoverable amount, discounted cash flows based upon estimated capital expenses and future expected earnings are utilised. Assets having a direct joint income, e.g. a ferry route, the smallest cash generating unit used. If a write-down requirement arises on balance sheet date, the recoverable amount of the asset is estimated and the asset is written down to this value. Impairment is reversed if any change is made to the calculations used to determine recoverable amount.

Construction in progress include advance payments, as well as other direct and indirect project costs, including financial expenses, which are capitalised on the basis of the actual borrowing cost.

Real estate used in business operations is split into buildings and land and port terminals and refers to properties used by the Company in its own operations.

Tangible fixed assets are depreciated according to plan, using the straight-line method. The residual values and useful lives of the assets are tested on every balance sheet date and adjusted when needed. No depreciation is carried out regarding land. No residual values are deemed to be present.

Depreciation takes place from the date upon which the asset is ready for use and over the following periods:

Vessels and other tangible fixed assets:	
Drilling rigs...	15-20 years
Drilling rig vessels...	15-20 years
Crude oil tankers...	20 years
RoRo vessels	20 years
RoPax vessels..	20 years
HSS vessels and other fast ferries	10-20 years
Other ferries	25 years
Buildings...	50 years
Port terminals	50 years
Equipment	3-10 years

Investment property

Investment properties, that is properties held in order to generate rental income or increase in value or a combination of these, are valued continuously at fair value (estimated market value). These properties are initially valued at acquisition cost. Fair value is based on the estimated market value on balance sheet date, which means the value at which a property could be transferred between well-informed parties that are independent of each other and that have an interest in the transaction being carried out. Changes in fair value are reported in the income statement, with an impact on changes in value of properties.

The term investment properties, which mainly includes residential and office buildings, also includes land and buildings, land improvements and permanent equipment, service facilities etc in the building or at the site.

Sales and purchases of properties are reported when the risks and benefits associated with ownership are transferred to the buyer or seller, which normally takes place on the day of taking possession as long as this does not conflict with the conditions of the sales contract.

Profit or loss arising upon the sale or disposal of investment properties is comprised of the difference between the sale price and the most recently determined valuation (carrying amount based on the most recently determined translation to fair value). Income arising from sales or disposals is reported in the income statement as net gain on sale of assets.

In the event that Stena utilises a portion of a property for its own administration, such a property will only be considered to be an investment property if an insignificant portion is used for administrative means. In any other case, the property will be classified as building used in business operations.

Additional expenses are added to the carrying amount only when it is likely that future economic benefits associated with the asset will accrue to the Company and when acquisition cost can be reliably calculated. Other expenses are recognised as costs in the period in which they arise. One decisive factor for the assessment of when an additional expense may be added to the carrying amount is whether this expense refers to the change of identified components, or parts of these, in which case such expenses are capitalised. Expenses are also added to carrying amount in cases where new components are created.

The valuation of investment properties at fair value (assessed market value) utilises an internal valuation model which has been tested through the reconciliation of assumptions with external property valuers, as well as through external valuation. The internal valuation is determined on an earnings basis, which means that each individual property's net operating expense is divided by the required return for the property in question. Assumptions have been made in the calculation of net operating expense regarding operating and maintenance expenses, as well as vacancies. These assumptions have been based on historical outcome, budget and normalised costs. Different required returns have been utilised for different markets and types of properties.

Intangible fixed assets

Goodwill

Goodwill is comprised of the amount by which the acquisition cost exceeds the fair value of the Group's portion of the acquired subsidiary's identifiable net assets at acquisition date. Goodwill on the acquisition of subsidiaries is recognised as an intangible asset. Goodwill is tested annually for impairment and is recognised at acquisition cost less accumulated impairment losses. Impairment of goodwill is not reversed. Profit or loss on the disposal of a unit includes the remaining carrying amount of the goodwill referring to the unit divested.

Goodwill is allocated to cash generating units during impairment testing. This allocation refers to those cash generating units, determined in accordance with the Group's operating segments, which are expected to benefit by the business combination in which the goodwill item arose.

Trademarks

Trademarks acquired are reported at fair value on acquisition date. Amortisation is performed over periods of 20 to 40 years.

Trademarks have a definable useful lifetime and are reported at acquisition value less accumulated amortisation. Amortisation takes place from the date on which the trademark was acquired by the Stena Group over its estimated useful lifetime, as follows:

Kvik	40 years
Ballingslöv	40 years
JKE	20 years
3BO...	20 years
Multiform...	20 years
Swenova...	20 years

Drömekjökkenet..	20 years
Paula Rosa...	20 years
Sembo..	40 years

Computer software

Acquired software is capitalised on the basis of acquisition and implementation costs. These costs are amortised over the asset's useful life, which is judged to be between three and five years, in accordance with the straight line method. The value of computer software is tested on a yearly basis, with regard to the write-down requirement, or more frequently, if there exist indications that the intangible asset may have decreased in value.

Distribution agreements

Distribution agreements are reported at acquisition cost, less accumulated amortisation. Amortisation takes place according to the straight line method over the asset's estimated useful life of 20 years.

Customer relations

Customer relations are reported at acquisition cost, less accumulated amortisation. Amortisation of customer relations takes place according to the straight line method over the asset's estimated useful life of 15 years. Useful life is reviewed on a yearly basis. Useful life is based on historical experience of the utilisation of similar assets, area of application and other specific characteristics of the asset.

Maintenance of intangible assets

Expenses for maintenance of intangible assets are expensed as they arise.

Impairment of non-financial assets

Assets with indeterminable useful lives, for example goodwill, are not amortised; rather they are reviewed on a yearly basis with consideration of any write-down requirements. Assets that are amortised are tested with consideration of impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment is carried out in the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value, minus selling expenses, and its value in use. In the assessment of write-down requirements, assets are grouped on the lowest level at which there exist separate identifiable cash flows (cash generating units). For other financial assets than goodwill that have previously been impaired, an assessment is carried out on each balance sheet date to determine whether a reversal should be made.

Borrowing costs

Financial expenses are reported in the period in which they arise. Financial expenses regarding new construction projects of vessels and properties are capitalised as a portion of the acquisition cost. Expenses for the financing of long-term loans and credits are capitalized and amortized over the term of the financing.

Accounting for subsidies

Any subsidies received in conjunction with new acquisitions of vessels, properties or port installations are reported as a decrease of the acquisition cost, whilst subsidies relating to operating activities reduce the corresponding costs. Recognition takes place when the subsidy can be reliably calculated.

For Swedish-flagged vessels employed in international shipping activities, the company has received subsidies, equal to all security costs and income taxes payable by the employers on behalf of employees who work on board such vessels. The amounts received have reduced the personnel costs.

Fixed assets held for sale

Fixed assets are classified as assets held for sale when their carrying amounts will be recovered through a sales transaction and a sale is considered highly likely. They are recognised at the lowest of book value and fair value less selling costs, if their carrying amount will be recovered primarily through a sales transaction and not through continuous usage.

Financial assets and liabilities

General

A financial instrument is any form of agreement giving rise to a financial asset in a company and a financial liability or equity instrument in another company. Financial assets in the consolidated balance sheet are comprised of cash and cash equivalents, trade debts, other financial assets, shares and derivative assets. Financial liabilities arise through requirements regarding the repayments of cash or of other financial assets. In the consolidated balance sheet, financial liabilities consist of trade accounts payable, loans, financial leasing liabilities, bonds and derivative liabilities.

Accounting

Financial assets and liabilities are reported in the balance sheet when the Group becomes party to the instrument's contractual terms. Financial assets and liabilities are reported on settlement date, with the exception of derivatives, which are reported on trade date. Financial instruments are initially reported at fair value, which usually corresponds to acquisition cost on acquisition date. Transaction costs are included in the acquisition cost of all financial instruments not valued at fair value in the income statement. Netting of financial liabilities and assets only takes place when there is a contractual possibility and when the intention is to net the gross amounts of the liabilities or assets. A financial asset is derecognised from the balance sheet when the rights of the contract are realised, fall due or when the Company loses control over them. This also applies to portions of a financial asset. A financial liability is derecognised in the balance sheet when the commitment specified in the agreement is discharged or in any other manner extinguished. This also applies to portions of a financial liability.

Classification of financial assets

Financial assets in the group are divided into the following categories:

- Financial assets at fair value through the income statement
    - Trading
    - Assets classified as financial assets at the acquisition date at fair value through the income statement,
- Assets held to maturity
- Loans receivable and trade debts
- Available-for-sale financial assets

The basis for classification is formed of the aim of the acquisition of the financial instrument. The classification is carried out by senior management on initial recognition date.

Financial assets at fair value through the income statement

Financial assets belonging to this category are valued and continuously reported at fair value through the income statement.

The category is divided into two subcategories:

1) trading and 2) assets classified as financial assets at fair value through the income statement at acquisition date. Trading consists of financial assets acquired with the primary intention of being sold in the short term and those derivative instruments to which hedge accounting is not applied. The trading shares are classified as short-term investments in the balance sheet and changes in fair value are reported in the income statement under gains (loss) on securities.

Financial assets classified as financial assets at fair value through the income statement at acquisition date are classified as current assets if they are available for sale or are expected to be realised within 12 months of balance sheet date. Fair value option is applied based on the Groups investment policy and evaluation. These assets are classified as Marketable securities in the balance sheet and changes in fair value are reported in the income statement under gains (loss) on securities.

Internally, the Group follows up and reports on these assets on the basis of their fair values and, consequently, considers that this valuation and recognition in the income statement and balance sheet provides readers of the

Financial Report with the most relevant information. Changes in fair value are reported in the income statement in the financial net.

Assets held to maturity

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available for sale.

Held-to-maturity assets are measured at fair value, where unrealized changes in fair values are recorded in the fair value reserve in equity, whereas interest revenue from available for sale debt instruments are recorded in the income statement using the effective interest rate method. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the balance sheet date, which are classified as current assets. Assets in this category are classified as Investments in SPEs in the balance sheet.

Loan receivables and trade debts

Loans and receivables are financial assets, that are not designated as derivatives, that have fixed or fixable payments and that are not listed on an active market. Receivables are reported under current assets, with the exception of receivables with a maturity date later than 12 months after balance sheet date, which are classified as financial fixed assets. Loans receivables and trade debts are listed in the balance sheet under other receivables and trade debts. Assets in this category are valued at amortised cost, with allowances for bad debt losses and loan losses, when applicable.

Available-for-sale financial assets

Investments in certain shares (with the exception of participations in subsidiaries and associated companies) and bonds are categorised as available-for-sale financial assets. Changes in fair value, with the exception of impairment charges, are reported directly in equity for these instruments. When these financial instruments are sold, the accumulated gains or losses are derecognised in equity and recognised in the income statement. These assets are classified as Marketable securities in the balance sheet and changes in fair value are reported in the equity in the fair value reserve.

Receivables and liabilities in foreign currency

Transactions in foreign currency are translated in accordance with current exchange rates per transaction date.

Both in the individual Group companies and in the Group's annual accounts, receivables and liabilities in foreign currency are translated at the closing rate of exchange. Related exchange rate differences on current payments are included in operating income, while differences in financial receivables and liabilities are reported among financial items. All exchange rate differences affect net profit/loss for the year. An exception is formed by that portion of the difference consisting of an effective hedging of net investments, where recognition takes place directly against equity.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in the available-for-sale reserve in equity.

Currency swap agreements are valued at market rates, unrealised exchange gains are recognised in the balance sheet as current receivables, and unrealised exchange losses are presented as current liabilities.

The following currency exchange rates have been applied in the Group's annual accounts:

	Average rates		**Change in**
	2007	**2008**	**%**
USD	6.7607	6.5808	(3)
GBP	13.5281	12.0912	(11)
EUR	9.2481	9.6055	4

	Closing rates		Change in
	2007	2008	%
USD	6.4342	7.8212	22
GBP	12.8146	11.4303	(11)
EUR	9.4508	10.9500	16

Financial liabilities

Financial liabilities in the group are divided into the following categories:

- Financial liabilities at fair value through the income statement, held for sale,
- Other financial liabilities

The basis for classification is formed based on the purpose of the acquisition of the financial instrument. The classification is carried out by senior management on initial recognition date.

Financial liabilities at fair value through the income statement

The liabilities are classified under current liabilities, unless the group has an unconditional right to defer the payment of the liabilities to at least 12 months after balance sheet date.

Other financial liabilities

The liabilities in the balance sheet, trade accounts payables, are initially reported at fair value.

Financial liabilities are recognised initially at fair value, net of transaction costs incurred. Financial liabilities are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the liabilities using the effective interest method.

The liabilities in the balance sheet, long-term and short-term debt, debt in SPEs and senior notes, are initially reported at fair value, net after transactions costs and, subsequently, at amortised cost.

Loan amounts are reported as liabilities in the balance sheet, where liabilities with a term of over 12 months are reported as long-term and all others as short-term.

The premature redemption of liabilities reduces the outstanding liabilities by a nominal principal loan amount. Any premiums or discounts are taken up as income.

Derecognition

Financial assets are derecognised in the balance sheet when the agreed rights to cash flows have ceased or been transferred and when essentially all the risks and advantages associated with the ownership of the financial asset have been transferred. Financial liabilities are derecognised from the balance sheet when they have been extinguished.

Derivative instruments and hedging measures

The Stena Group applies hedge accounting to reduce the risks associated with the volatility of the reported results which would, otherwise, arise as a consequence of the valuation of the derivative at fair value, while the hedged item, in normal cases, has yet to be recognised in the balance sheet (cash flow hedges) or recognised in the balance sheet at amortised cost. The Stena Group applies the following hedge accounting models:

- Cash flow hedging and
- Hedging of foreign net investments

To apply hedge accounting, future-oriented hedge relationships must be anticipated to be very effective and must historically have been proven to be effective hedgings within the span of 80 – 125%. A regular review of efficiency is carried out regarding hedging instruments and their correlation with the underlying exposure. Financial instruments that do not fulfil the criteria for hedge accounting are market valued and reported in the income statement. Unrealized results are reported against the income statement.

Cash flow hedging

For the Stena Group's so-called bunker hedgings and certain currency and interest rate swaps, hedge accounting is applied. The hedged item, in this case, consists of a highly probable forecast consumption of bunker fuels and loans. The Group is exposed to the price of bunker fuels for vessel operations and uses a fixed price contract, swaps and options to hedge its oil price risk. Hedging contracts are regularly entered into, so as to match the underlying cost of delivery of bunker fuel. Hedging contracts, forming an effective hedge, are valued and reported directly against equity in the so-called hedge reserve until the hedged item affects the income statement, that is, when the purchase takes place. In conjunction with the purchase, the accumulated fair value of the hedging instruments is removed from the hedging reserve and reported in item Direct operating expenses in the income statement as an adjustment of the cost of bunker fuel for the current period.

Positive or negative values of the derivatives are accounted for as an other non-current asset or other non-current liability. The short-term part of the hedged item is accounted for as other current receivables or other current liabilities.

The Group's policy is that terms and due dates for financial instruments held and classified as hedge contracts for interest and currency exposure, as far as possible, shall correspond with the underlying exposure's maturity profile.

Results of operations from all types of financial derivative instruments, with the exception of those contracts referring to financial trading, are reported either as an adjustment of the value of the underlying asset or liability, or as an adjustment of the revenue or costs for the period and for those transactions the contracts are designated to hedge.

Realised gains and losses from such financial instruments that have terminated or closed prematurely are allocated to a particular period and are included either in the adoption of the balance sheet value of underlying assets/liabilities in the Group's consolidated balance sheet or in the income statement when the underlying cash flow accrues. If an underlying asset or liability is sold or redeemed, the relevant financial instruments are market valued and the result is reported as an adjustment of the market or redemption value of the underlying asset or liability.

Hedging of net investments

Hedging of net investments in foreign operations is reported in the same manner as cash flow hedges. The gains or losses attributable to the effective part of the hedging are reported under equity. Gains or losses attributable to the ineffective portion of hedging are directly reported in the income statement as financial items.

Accumulated gains or losses within equity are reported in the income statement when the foreign operations, or portions of these operations, are sold.

Fair value determination of financial instruments valued at fair value in the balance sheet

(i) Financial instruments listed on an active market

For financial instruments listed on an active market, fair value is determined on the basis of the asset's listed buying rate on balance sheet date, with no addition for any transaction costs (for example brokerage) on acquisition date. A financial instrument is considered to be listed on an active market if the listed prices are easily available on a stock exchange, with a trader, broker, industry organisation, company providing current price information or supervisory authority, and if these prices represent actual and regular market transactions carried out under arm's length conditions. Any future transaction costs from disposals are not considered. The fair value of financial liabilities is determined on the basis of the listed selling rate.

(ii) Financial instruments not listed on an active market

If the market for a financial instrument is not active, the Company determines fair value by utilising a valuation technique. The valuation techniques employed are based, as far as possible, on market information, with company specific information being used to the least extent possible. The Company calibrates valuation techniques at regular intervals and tests their validity by comparing the outcome of these valuation techniques with prices from observable current market transactions in the same instruments. The valuation models applied are calibrated so that fair value on initial recognition date amounts to the transaction price, with changes in fair value subsequently being continuously reported on the basis of changes in the underlying market risk parameters.

(iii) Financial instruments not listed

If there are no similar financial instruments on a quoted market, the valuation is based on estimated discounted cash-flows. Fair value is determined by hypothesizing what a market price would be if there was a market i.e. calculated fair value is a prediction instead of an observation.

Derivatives and hedge accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as either: (a) hedges of a particular risk associated with a recognised asset; (b) liability or a highly probable forecast transaction (cash flow hedge); or (c) hedges of a net investment in a foreign operation (net investment hedge).

The group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 33. Movements on the hedging reserve in shareholders' equity are shown in Consolidated Statements of changes in Shareholders Equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Impairment of financial assets

The Group makes an assessment on each balance sheet date regarding whether there exists any objective evidence that a write-down requirement has arisen for a financial asset or a group of financial assets. As regards shares classified as available-for-sale assets, any significant or extended decline in the fair value of a share to a level below its acquisition value is regarded as an indication that a write-down requirement exists. If such evidence is present for available-for-sale financial assets, the accumulated loss—calculated as the difference between acquisition cost and current fair value, less any previous impairment charges reported in the income statement—is subtracted from equity and reported in the income statement. Impairment of equity instruments, which is reported in the income statement, is not reversed in the income statement.

Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks. The Group's overall risk management policy focuses on the unpredictability of the financial markets and aims to minimise potential adverse effects on the Group's financial results. The Group employs derivative instruments to hedge exposure to certain risks.

Risk management is handled by a central finance department, Stena Finans, in accordance with policies determined by the Board of Directors. Stena Finans identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board of Directors prepares written policies for both overall risk management and for risk management of specific areas such as currency risk, interest rate risk, the utilisation of derivative and non-derivative financial instruments and the investment of excess liquidity.

Translation differences from net investments:

Translation differences from the exposure of net assets in foreign subsidiaries are reported directly in the Group's equity. Results from the translation of forward currency contracts or exchange rate differences from borrowings in foreign currency are transferred to translation differences in net financial income when the hedgings are no longer considered to be effective.

Forward deductions or increases from currency swaps or forward agreements are reported as interest income or interest expenses in the Group's net financial income.

Translation differences from translation exposure:

Monetary assets and liabilities in foreign currency arising as a result of the operations of the Company are translated at the closing rate of exchange. Derivative instruments attributable to the financial hedging of the value of these balance sheet items, such as currency swaps, currency forward agreements or currency option contracts, are valued at fair value, which includes translation at the closing rate of exchange, while changes in fair value are reported gross as exchange rate differences in the Group's net financial income, where the translation of monetary assets and liabilities is also reported. Forward allowances or increases from currency swaps or forward agreements are reported as interest income or interest expenses in the Group's net financial income.

Transaction exposure

Realised results from currency forward agreements or currency option contracts, including paid or received premiums from option contracts, which are intended to hedge expected or contracted future cash flows in foreign currency, are allocated to a particular period and reported as an adjustment of the underlying transaction when it takes place. Forward deductions or increases from these currency swaps or forward agreements are reported in the Group's operating profit/loss. Unless accounted for as a cash-flow hedge.

Interest rate risk

Financial instruments for interest rates, such as futures, swaps or different types of interest rate options, are used to hedge future interest rate payments. Interest income or interest expenses under these contracts are allocated to specific periods and reported as an adjustment of the interest expense on the underlying liability. The Group reports accrued interest amounts from counterparties per the end of the accounting period, calculated in accordance with the conditions in the contracts. Generally, the underlying liabilities have a longer duration than the financial hedging contracts and allocation of accrued interest over a period of time is carried out as long as the hedging contracts are considered to form an effective portion of the Group's overall risk management.

Oil price risk

The Group is exposed to the price of bunker fuel used for the operation of its vessels and uses forward contracts, swaps and options to hedge its oil price risk. Hedge contracts are regularly entered into to match the underlying costs of deliveries of bunker fuel. The hedge contracts are valued and reported directly against equity if an effective hedge. The results of these contracts are allocated to specific periods and matched against underlying exposure. The contracts are settled on a monthly basis and reported as an adjustment of the cost for bunker fuel for the current period.

Income taxes

General

The Group's total tax consists of current tax calculated on taxable profit and deferred tax. Current tax and changes in deferred tax are reported in the income statement, with the exception of those deferred taxes reported directly against equity. Deferred tax includes unutilised deficits from the translation of tax assessment to current tax rates, and other temporary differences between book residual value and fiscal residual value. The tax value of unutilised loss carry-forward is capitalised to the degree it is probable that this will entail lower tax payments in the near future.

Significant assessments are required from management in the calculation of income tax liabilities, income taxes recoverables and deferred tax for provisions and receivables. This process requires the assessment of the Group's tax exposure of current tax and the adoption of temporary differences created by various taxation and accounting regulations. In particular, management must assess the likelihood that deferred tax assets can be settled against surpluses in future tax assessment.

Current tax

All companies within the Group calculate income tax in accordance with the tax regulations and ordinances in force in those countries where the profit is taxed.

Deferred taxes

The Group uses the balance sheet method to calculate deferred taxes. The balance sheet method implies that deferred tax assets and liabilities are valued according to the tax rates adopted or announced on balance sheet date and which are expected to apply to the period in which the acquisition is executed or the liability settled. The tax rates are applied to the existing differences between the accounting or fiscal value of an asset or liability, as well as to loss carry-forwards. These loss carry-forwards can be used to reduce future taxable income. Deferred tax assets are reported to the extent that it is probable that a sufficient taxable surplus will exist to allow for accounting of such receivables.

Leasing

Any leasing agreements in which the economic risks and benefits associated with ownership are essentially transferred to the lessee are defined as financial leases. Assets leased under financial leasing agreements are classified in the consolidated balance sheet as tangible fixed assets. The commitment to pay future minimum lease payments is reported as long and short-term liabilities. The assets are depreciated according to plan, while rental payments are reported as interest and repayments of liabilities.

Other leased assets are reported as operating leasing agreements, which implies that the leasing charges are expensed over the term of the lease on the basis of utilisation.

Inventories

Inventories are valued at the lower of acquisition cost, according to the first-in, first-out method (FIFO), or net realisable value, less deductions for any obsolescence. The acquisition cost for finished goods, products in process and work in progress consists of raw materials, direct salaries, other direct expenses, and related indirect manufacturing expenses (based on normal manufacturing capacity). Borrowing costs are not included. The net realisable value is the estimated sales price in the operating activities, with deductions for applicable variable selling expenses. Inventories mainly include bunker fuel, spare parts, merchandise for onboard sale, products for bars and restaurants onboard the vessels and finished goods and products in process. Costs for inventories include transfers from equity of any gains or losses from cash flow hedges that comply with the conditions for hedge accounting as regards purchases of raw material.

Trade debts

Trade debts are initially reported at fair value. A provision against trade debts is made when there exist objective evidence that the Group will be unable to receive all the amounts that are due in accordance with the original conditions of the receivable. The amount of the allocation consists of the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted by the effective interest rate. The allocated amount is reported in the income statement.

Cash and cash equivalents

Cash and cash equivalents include cash, bank balances and other short-term investments with an original maturity of three months or less.

Employee benefits

Post-employment benefits, such as pensions and other benefits, are predominantly settled by the means of regular payments to independent authorities or bodies thereby assuming pension commitments towards the employees—that is to say, through so-called defined contribution plans. The Company thus pays set fees to a separate legal entity and has no commitment to pay any further fees. Expenses are charged to the Group’s profit/loss at the rate that the benefits are earned. The remaining portion of post-employment benefits consists of so-called defined benefit plans, in which the commitments remain with the Company. Remuneration to employees and former employees is paid on the basis of salary at retirement date and number of years of service. The Company bears the risk for ensuring that the remuneration undertaken is paid. For defined benefit plans, the Company’s costs and the value of outstanding commitments on balance sheet date are calculated on the basis of actuarial assumptions intended at determining the present value of issued commitments.

The amount recognised in the balance sheet is the net total of the estimated present value of the commitments and the fair value of the plan assets, either as a provision or as a long-term financial receivable. In cases in which a surplus in a plan cannot be fully utilised, only that portion of the surplus that the company can recover through decreased future contributions or repayments is recognised. The set-off of a surplus in a plan against a deficit in another plan is allowed only if a company has the right to utilise a surplus in a plan to settle a deficit in another plan, or if the commitments are to be settled on a net basis.

The pension expense and the pension commitment for defined benefit pension plans are calculated annually by independent actuaries. The commitment consists of the present value of expected future payments. The most important actuarial assumptions are stated in Note 24. Actuarial gains and losses may result upon determination of the present value of the defined benefit commitment and the fair value of plan assets. These result either from differences between the actual return and expected returns, or changes in assumptions. The Group applies the Corridor method which means that a portion of the accumulated actuarial gains and losses at the end of the prior year exceeding 10% of the greater of the present value of the defined benefit commitment and the fair value of plan assets is recognised in profit/loss over the expected average remaining period of service of the employees participating in the plan. The accounting principle described above is applied only in the consolidated financial statements. All companies report defined benefit pension plans in accordance with local rules and guidelines in the respective country.

Accounts payable

Accounts payable are initially reported at fair value and subsequently at amortised cost.

Provisions

Generally, provisions are reported when there is an undertaking as a result of a historical event, in which it is probable that an outflow of resources will be required to settle the undertaking and the amount can be reliably estimated. Provisions are made in the amount that represents the best estimate of the amount required to settle the existing commitment on balance sheet date. Where there is doubt in the estimates referring to forthcoming events outside the Group's control, the actual outcome may differ significantly.

When a commitment does not meet the criteria for recognition in the balance sheet, it may be considered to comprise a contingent liability and be disclosed. These commitments derive from historical events and their existence will be confirmed only when one or several uncertain future events, which are not entirely within the Group's control, take place or fail to take place. Contingent liabilities also include existing commitments where an outflow of resources is not likely or a sufficiently reliable estimate of the amount cannot be made.

IFRS that have been issued but are not yet effective:

Several new or changed accounting regulations and interpretations have been notified but are yet to come into force. Those regulations coming into force on 1 January 2009 but which are not expected to have any material impact on the Group are as follows:

- Amendments to IFRS 2 *Share-based Payment—Vestings Conditions and Cancellations*. Effective date 1 January 2009.
- Revised IAS 1 *Presentation of Financial Statements*. Effective date 1 January 2009.
- Revised IAS 23 *Borrowing Cost*. Effective date 1 January 2009.
- Amendments to IAS 27 *Cost of an Investment in a subsidiary, jointly controlled entity or associate*. Effective date 1 January 2009.
- Amendments to IAS 32 *Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements — Puttable Financial Instruments and Obligations Arising on Liquidation.* Effective date 1 January 2009
- Amendments to IAS 39 *Financial instruments: Recognition and Measurement .* Effective date 1 January 2009.
- IFRIC 15 *Agreements for the Construction of Real Estate.* Effective date 1 January 2009.
- IFRIC 16 *Hedges of a Net Investment in a Foreign Operation.* Becomes mandatory for Stena 2009.

Several new or changed accounting regulations and interpretations have been notified by IASB, and come into force 1 January 2010 or later. The impact they will have on the Group is yet to be determined:

- Revised IFRS 3 *Business Combinations* and IAS 27 *Consolidated and Separate Financial Statements*. Becomes mandatory for Stena 2010.
- IFRIC 17 *Distribution of Non-cash Assets to Owners,* Becomes mandatory for Stena 2010.

• IFRIC 18 *Transfers of Assets from Customers.* Becomes mandatory for Stena 2010.

The effects of the revised IFRS 3 and the revised IAS 27 has not yet been evaluated. The other above described new standards, revised standards and interpretations will not have a material affect on the Financial Statements.

2 Critical accounting estimates and judgements

Estimates and judgements are evaluated continuously and are based on historical experience and other factors, including expectations of future events that are considered reasonable under the prevailing circumstances.

The Board of Directors and Company management make estimates and assumptions concerning future developments in conjunction with the preparation of the annual accounts, in accordance with generally accepted accounting principles. The resulting accounting estimates will, by definition, seldom equal the actual results. Those estimations and assumptions implying a significant risk for material adjustments in the carrying amounts of assets and liabilities during the next financial period are discussed below.

a) Impairment testing for goodwill

According to IFRS intangible assets are to be defined as having either definite or indefinite lives. Intangible assets with indefinite useful lives are not amortized but instead tested annually for impairment. Goodwill, according to IFRS, has by definition an indefinite useful life and is therefore not amortized. Acquired trademarks have been deemed to have definite useful lives and are amortized over a period of 20-40 years. Trademarks and intangible assets that are being amortized are tested for impairment when circumstances indicate that the value of the intangible asset is impaired. The impairment tests include significant judgements made by management. Future events could cause management to conclude that impairment indicators exist and that an intangible asset is impaired. Any resulting impairment loss could have a material impact on the financial condition and result of operations. The Company's intangible assets on 31 December, 2008 amounted to SEK 3,038 million and amortization amounted to SEK 106 million. The amount for goodwill, which is included in intangible assets, amounts to SEK 1,512 million. However, no impairment test of the goodwill has been performed in 2008 since the acquisition of all material goodwill occurred in the middle of 2008.

b) Impairment testing of vessels

Twice a year, or if an indication of a write-down requirement exists, Stena makes an assessment of whether or not a write-down requirement exists as regards the value of vessels. See further the description under Note 1, headed "Impairment of non-financial assets".

The recoverable amount is determined on the basis of calculations of value in use. These calculations are based on estimated future cash flows. Impairment charges of SEK 148 million were recorded for three crude oil tankers and one RoPax vessel during 2008. If the estimated discount rate, a so-called WACC interest rate, had been 1% higher than the assumed interest rate of 7,5%, it would not have produced a further write-down requirement on the carrying amount.

c) Retirement benefits

If the discount rate used increased/decreased by 0.25% from management's assessments, the carrying amount on the pension commitments would be estimated at SEK 300 million higher and SEK 285 million lower, respectively.

d) Deferred taxes

In the preparation of the financial statements, Stena prepares a calculation of income tax, including a calculation of every fiscal area in which the Group operates, as well as of deferred taxes attributable to temporary differences. Deferred tax assets that are primarily attributable to loss carry forwards and temporary differences are reported if the tax assets can be expected to be recovered through future taxable income. Changes in the assumptions regarding forecast future taxable income, as well as changes in tax rates, may result in significant differences in the valuation of deferred taxes.

e) Provisions

Generally, provisions are reported when there is an undertaking as the result of a historical event, where it is likely that an outflow of resources will be required to settle the undertaking and a reliable amount can be reliably estimated. Provisions are made in the amount that represents the best estimate of the amount required to settle the existing commitment on balance sheet date. Where there is doubt in the estimates referring to forthcoming events outside the Group's control, the actual outcome may differ significantly.

When a commitment does not meet the criteria for reporting in the balance sheet, the amount can be considered to comprise a contingent liability and be disclosed. These commitments originate from events that have taken place and their existence will be confirmed only when one or several uncertain future events, which do not lie entirely within the Group's control, take place or fail to take place. Contingent liabilities also include present commitments where an outflow of resources is not likely or a sufficiently reliable estimate of the amount cannot be made.

f) Fair value of derivative instruments or other financial instruments

The Group calculates discounted cash flows for different available-for-sale financial assets which are not traded on an active market.

g) Valuation of properties

The fair value of an investment property can only be set at the date of sale. The valuation of investment properties is based on accepted principles and assumptions, therefore, the fair value is not the exact value but an estimate. In a normal market the fair value of a property is within a range of +/- 5% to 10% and in a less liquid market the range can be even larger. For Stena a fair value within the range of +/- 5% is equal to SEK 1,166 million.

3 Segment Information

The Company is active internationally, primarily in the areas of ferry operations, drilling, shipping, property, new businesses and finance. There are no significant transactions between the operating segments.

Ferry operations are performed through Stena Line in the Scandinavian, the North Sea and the Irish Sea areas and through Scandlines in Öresund and the south of the Baltic Sea. The Company is one of the world's largest ferry operators with focus on transporting passengers and freight. The business currently consists of 18 strategically located ferry routes, 35 vessels and four ports in Scandinavia and the UK.

Ferry revenues are primarily generated from ticket sales, freight haulage and on board spending. Direct operating expenses for ferry operations consist principally of personnel costs, costs of goods sold on the vessels, bunker fuel costs, vessel charter costs, commissions, package tour costs and other related costs.

Drilling is operated through Stena Drilling, headquartered in Aberdeen, Scotland. The Company is one of the world's leading companies in the development, construction and operation of offshore drilling rigs and drillships. The fleet consists of four ultra-deepwater drillships and five semi-submersible drilling rigs. The first two drillships were delivered in December 2007 and August 2008, with further units to be delivered in 2009 and an enhanced, ice-class version in 2011.

Drilling revenues consist of charter hires for drilling rigs and vessels. Direct operating expenses for drilling consist primarily of personnel costs, insurance, maintenance and catering costs.

Shipping includes the ownership and chartering of crude oil tankers and Roll-on/Roll-off vessels. To support these activities, the Company is also engaged in the management and crewing as well as the design and rebuilding of such vessels.

Stena Bulk, with seven offices in six countries, is one of the world's leading tanker shipping companies. With the help of Stena Teknik, the Group's own design department, pioneering tankers are developed to meet the customers' need for safe transportation and innovative logistics. The Company controls a fleet of around 70 tankers and is active in all segments of the tanker market.

Stena RoRo provides vessels, innovative solutions and project management. The Company's customers are operators and ship owners around the world.

Northern Marine Management (NMM) is the Company's international ship management company based in Glasgow, Scotland, a global centre of excellence in marine management. With an extensive portfolio of clients and a wide range of vessels under management, the Company is a market leader in quality services. The Company operates a high tech fleet of approximately 120 vessels from its worldwide network of offices including Aberdeen, Göteborg, Houston, Mumbai, Manila, Singapore and St. Petersburg.

Stena Teknik is a common resource for all maritime areas within the Company. The operation consists of new construction and conversion projects, marine technical advice and purchasing as well as research and development within marine areas. The staff is highly educated and has sound knowledge of ship design, ship operations, project management, shipyards, ship classification societies, procurement and contracting.

Shipping revenues primarily represent charter hires for owned and chartered in vessels and management fees for vessels managed by the Company. Direct operating expenses for shipping consist primarily of vessel charter costs, fuel costs, personnel costs, insurance and other related vessel costs.

Property operations relate to investments in residential and commercial real estate.

Property operations are performed in Sweden, through Stena Fastigheter and in Europe through Stena Realty. The company owns a total of 2.1 million sqm, mainly in Sweden, and manages a further 300,000 sqm on behalf of associated companies. The property portfolio consists of approximately 24,300 homes and commercial properties. The company is one of Sweden's largest privately-owned property companies.

The Company is also a real estate investment company that operates in a number of countries outside Sweden. Today the Company has investments in China, France, Germany, Hungary, Luxembourg and the Netherlands. The majority of the investments are through direct ownership of properties but in some cases we chose to make indirect investments. This business is managed by our offices in Amsterdam and Sophia Antipolis (France).

Property revenues consist of rents for properties owned and management fees for properties managed by the Company. Property expenses consist primarily of maintenance, heating and personnel costs.

New Businesses include financial activities and investments in other business areas outside our traditional lines of business through the unit Stena Adactum.

Stena Adactum is Stena's investment company, with long-term investments in listed and non-listed companies. The objective is to build strong, profitable companies that can create platforms for new business areas within the Stena Sphere, contributing primarily with financial strength and active ownership. Stena Adactum consists of four subsidiaries (three wholly owned), three associated companies (whereof two are listed) and some other long-term holdings. The four subsidiaries are all operating in different range of businesses.

- Blomsterlandet through which the Company is creating a chain of retailers with one of Sweden's most extensive range of indoor and outdoor plants.
- Envac which operates automated household and municipal waste collection systems with activities in 30 countries.
- Stena Renewable through which the Company commenced successful operations of Sweden's largest land-based wind power generating plan, near Ludvika, Sweden. In total 17 wind power systems (windmills) have been installed and are in operation at this location.
- Ballingslöv which is an international group in the field of kitchens, bathrooms and storage products with an ambition to become one of the leading players in the European market. The Company has one manufacturing site in Ballingslöv, one in Great Britain and five in Denmark.

Other includes non-allocated central administration costs.

Primary measures of profitability for all these segments are "Income from operations" and "EBITDA". These measurements are also the information reported to the Company's Chief operating decision-maker. In the Group this function has been identified as Stena AB's Board of Directors, which takes strategic decisions.

Income from operations by segment

	Year ended 31 December	
SEK million	**2007**	**2008**
Ferry operations		
Operations	1,267	781
Impairment charges		(63)
Net gain on sale of vessels	146	
Total ferry operations	**1,413**	**718**

SEK million	Year ended 31 December 2007	2008
Drilling		
Operations	1,389	2,388
Total Drilling	**1,389**	**2,388**
Shipping		
RoRo vessels	86	104
Net gain on sale of vessels	100	33
Total	**186**	**137**
Crude oil tankers	109	135
Impairment charges		(85)
Net gain on sale of vessels	7	170
Total	**116**	**220**
Other shipping	(13)	16
Total shipping	**289**	**373**
Property		
Operations	1,041	1,163
Net valuation on investment properties	397	(294)
Net gain on sale of properties	97	169
Total property	**1,535**	**1,038**
New Businesses		
Operations	108	107
Total New Businesses	**108**	**107**
Other	(274)	(252)
Income from operations	**4,460**	**4,372**

Impairment charges of SEK 148 million were recorded for three crude oil tankers and one RoPax vessel during 2008.

All impairment charges are accounted for as depreciation. There were no impairment charges recorded in 2007.

Reconciliation between EBITDA* and Income from operations by segment

SEK million		Year ended 31 December 2007	2008
Ferry operations	EBITDA	2,420	1,782
	Depreciation and amortization	(1,007)	(1,064)
	Income from operations	1,413	718
Drilling	EBITDA	1,882	3,404
	Depreciation and amortization	(493)	(1,016)
	Income from operations	1,389	2,388
Shipping	EBITDA	426	660
	Depreciation and amortization	(137)	(287)
	Income from operations	289	373
Property	EBITDA	1,535	1,038
	Depreciation and amortization		
	Income from operations	1,535	1,038
New Businesses	EBITDA	147	232
	Depreciation and amortization	(39)	(125)
	Income from operations	108	107
Other	EBITDA	(270)	(243)
	Depreciation and amortization	(4)	(9)
	Income from operations	(274)	(252)
Total	**EBITDA**	**6,140**	**6,873**
	Depreciation and amortization	(1,680)	(2,501)
	Income from operations	**4,460**	**4,372**

* EBITDA equals herein Income from operations before depreciation and amortization.

Depreciation and amortization by segment

SEK million		Year ended 31 December 2007	2008
Ferry operations		1,007	1,064
Drilling		493	1,016
Shipping:	RoRo vessels	105	107
	Crude oil tankers	18	167

SEK million		Year ended 31 December 2007	2008
	Other shipping	14	13
	Total shipping	137	287
New Businesses		39	125
Other		4	9
Total		**1,680**	**2,501**

Depreciation and amortization expense consists of the following components

SEK million	Year ended 31 December 2007	2008
Vessels	1,389	2,096
Equipment	157	232
Buildings, land and ports	49	67
Total tangible fixed assets	**1,595**	**2,395**
Intangible assets	85	106
Total	**1,680**	**2,501**

Depreciation and amortization expense includes amortization of assets under capitalized leases amounting to SEK 170 million and SEK 271 million for the years ended 31 December, 2007, and 2008, respectively.

Investments in tangible fixed assets by segment

SEK million		Year ended 31 December 2007	2008
Ferry operations		1,240	2,880
Drilling		5,179	4,777
Shipping:	RoRo vessels	1,111	257
	Crude oil tankers	275	1,353
	Other shipping	6	1
	Total shipping	1,392	1.611
Property		941	1,357
New Businesses		176	408
Other		15	9
Total		**8,943**	**11,042**

Additions in 2008 for property includes SEK 292 million related to ongoing newbuilding projects for real estate. For the year ended 31 December, 2007, additions for property included SEK 89 million related to ongoing newbuilding projects for real estate. See Note 14.

Total assets by segment

SEK million		Year ended 31 December 2007	2008
Ferry operations		9,417	12,974
Drilling		14,078	23,237
Shipping	RoRo vessels	2,765	1,875
	Crude oil tankers	1,128	2,807
	Other shipping	234	170
	Total shipping	4,127	4,852
Property		24,447	25,767
New Businesses		3,682	6,911
Other		25,773	23,628
Total		**81,524**	**97,369**

Geographic information

The Company's shipping operations include the ownership and chartering of vessels as well as the operation and management of crude oil tankers and are performed throughout the world. Accordingly, such revenues and assets are not presented on a country by country basis. The ferry operations and the property operations are conducted in Scandinavia and the rest of Europe. The Company's drilling operations are conducted in the Norwegian sector (Scandinavia) and the UK sector (Europe, other) of the North Sea as well as in the Far East and other markets. The Company's investments in SPEs are included in Other markets.

Total income

SEK million	Year ended 31 December 2007	2008
Scandinavia	9,975	11,129
Europe, other	6,405	7,169
Other markets	2,192	4,003
Shipping	3,830	4,171
Total	**22,402**	**26,472**

Total assets

SEK million	As of 31 December 2007	2008
Scandinavia	31,580	35,431
Europe, other	20,066	22,511
Other markets	26,323	34,764
Shipping operations	3,555	4,663
Total	**81,524**	**97,369**

4 Sale of tangible fixed assets

SEK million		Year ended 31 December 2007	2008
Vessels	Cash proceeds from sale of vessels	793	686
	Net book value of vessels sold	(540)	(483)
	Net gain on sale of vessels	253	203
Property	Cash proceeds from sale of properties	364	868
	Net book value of properties sold	(267)	(699)
	Net gain on sale of properties	97	169
Total	Cash proceeds from sale of vessels, equipment and property	1,157	1,554
	Net book value of assets sold	(807)	(1,182)
Total gain		350	**372**

Total cash proceeds include sales costs of SEK 19 million and SEK 7 million, which is not included in the consolidated statement of cash flow for 2007 and 2008, respectively.

5 Administrative expenses

For the year ended 31 December, 2008, administrative expenses include R&D costs amounting to SEK 32 million. For the year ended 31 December, 2007, administrative expenses include R&D costs amounting to SEK 22 million.

Fees and other remuneration to auditors and advisors are set forth below.

SEK million	Year ended 31 December 2007	2008
KPMG		
Audit fees	21	20
Tax services	25	20
Other audit related services	7	6
Other auditors		

SEK million	Year ended 31 December 2007	2008
Audit fees		2
Tax services	14	11
Other services	9	5
Total	**76**	**64**

6 Investment in associated companies

Investments in associated companies relate to major strategic investments. Results from other associated companies, having a more direct link to normal operations, are included in direct operating expenses. See note 3.

In 2004, the Company invested in more than 20% of the Swedish listed company Midelfart Sonesson AB (publ), which therefore is accounted for as an associated company. As of 31 December, 2008, the investment represents 22.9% of the capital and 25.5% of the votes. The total market value of the investment as of 31 December, 2008 was SEK 57 million. As of 31 December, 2007 the total market value of the shares was SEK 122 million. The Company's share of results amounted to SEK 4 million in 2008 and SEK (107) million in 2007.

In May 2007, the Company invested in further shares in Gunnebo AB (publ). The share of capital increased and is accounted for as an associated company. As of 31 December, 2008, the investment represents 25.3% of the capital and the votes. The market value of the investment as of 31 December, 2008 and 2007 was SEK 179 million and SEK 735 million respectively. The shares in Gunnebo was written down by SEK 140 million in 2008 due to the decreased market value of the shares. The Company's share of results in 2008 amounted to SEK (116) million and SEK 5 million in 2007.

In June 2007, the company acquired 45% of the shares in the newly formed company MPP Mediatec Group. The value of the investment as of 31 December, 2008 was SEK 338 million. The Company's share of results in 2008 was SEK 7 million and SEK (2) million in 2007. As per 31 December, 2008 the investment represents 42.7% of the capital and votes.

Between May and July 2008 another 51.6% of the capital and the votes were acquired through a formal takeover bid in Ballingslöv AB (publ). As a result hereof Ballingslöv AB (publ) became a subsidiary of the Company as per 30 June, 2008 and subsequently delisted. As of 31 December, 2008, the investment represents 80.2% of the capital and the votes. As of 31 December, 2007 the investment represented 28.6%. The market value of the investment as of 31 December, 2007 was SEK 631 million. The Company's share of results as per 30 June, 2008 amounted to SEK 24 million and SEK 45 million as per 31 December, 2007.

The investments in Midelfart Sonesson and Gunnebo are pledged as security for bank debt. The results of these companies are reported with a three month time lag.

Investments in associated companies

SEK million	As of 31 December 2007	2008
Opening balance	397	1,403
Increase—reclassification to associated company	501	
Investments	738	406
Revaluation	(61)	(141)
Dividend	(12)	(38)
Share of profit	(60)	60
Exchange differences	(11)	(28)

SEK million	As of 31 December 2007	2008
Other movements	(89)	
Reclassifications to subsidiaries		(730)
Closing balance	**1,403**	**932**

For the year ended 31 December, 2008, Investments in associated companies include Goodwill amounting to SEK million 404. For the year ended 31 December, 2007, Investments in associated companies include Goodwill amounting to SEK 717 million.

The Group's share of the results of its associates and its share of the assets (including goodwill) and liabilities are as follows:

Name	Country of incorporation	Assets	Liabilities	Revenues	Profit/(loss)	% Interest held
2007						
Midelfart Sonesson AB (publ)	Sweden	1,538	1,039	1,659	(322)	22%
Gunnebo AB (publ)	Sweden	4,837	3,695	7,025	128	25%
MPP Mediatec Group AB[(1)])	Sweden	845	577	316	(17)	45%
Ballingslöv International AB (publ)	Sweden	2,388	1,532	2,892	211	29%

1) MPP Mediatec Group AB was acquired in 2007 and only the fourth quarter is shown above.

2008						
Midelfart Sonesson AB (publ)	Sweden	1,427	922	1,458	17	23%
Gunnebo AB (publ)	Sweden	5,262	4,189	6,903	115	25%
MPP Mediatec Group AB	Sweden	1,061	765	905	12	43%

7 Result from securities and receivables accounted for as financial fixed assets

SEK million	Year ended 31 December 2007	2008
Dividends	112	109
Realised result from sale of available for sale shares	550	(780)
Unrealized result from financial instruments	423	(1,372)
Interest income	173	175
Exchange differences	(194)	(122)
Total	**1,064**	**(1,990)**

Dividends refers to dividend income from financial assets held at fair value through income statement and available for sale shares valued through equity.

Unrealized result from financial instruments refers to available for sale shares valued at fair value through the income statement.

8 Other interest and similar profit/loss items

SEK million	Year ended 31 December 2007	2008
Dividends	98	177
Realized result from sale of trading shares	106	(35)
Unrealized result from financial instruments[1]	(128)	(848)
Interest income from investments in SPEs	661	667
Gain on termination of leases		1,025
Other interest income	85	115
Exchange differences	122	282
Total	**944**	**1,383**

Dividends refers to dividend income from shares held for trading. The provision for income related to the financing of the DrillMAX vessel *Stena DrillMAX* and the vessels *Stena Traveller* and *Stena Trader* was resolved during the year when the leasing contracts were terminated.

1) Unrealized result from financial instruments by category are as follows:

SEK million	Year ended 31 December 2007	2008
Trading shares	(128)	(623)
Ineffective share of bunker hedges		(225)
	(128)	**(848)**

9 Interest expense and similar profit/loss items

SEK million	Year ended 31 December 2007	2008
Interest expenses from investments in SPEs	(416)	(365)
Other interest expenses	(1,271)	(1,815)
Unrealized result of valuation of interest swaps	(52)	(81)
Amortization of deferred financing costs	(59)	(83)
Bank charges	(20)	(20)
Realized bunker costs, trading		(299)
Exchange differences	23	421
Other financial items	(151)	(65)
Total	**(1,946)**	**(2,307)**

Deferred financing costs include costs for the issuances of Senior Notes, revolving credit facilities, finance leases etc.

See Note 33. All of these costs are amortized over the life of the borrowings.

10 Income taxes

Income before taxes was distributed geographically as follows:

	Year ended 31 December	
SEK million	**2007**	**2008**
Sweden	897	733
Rest of the world	3,564	645
Total income before taxes	**4,461**	**1,378**
Current:		
For the period, Sweden	(10)	(29)
Adjustments previous years, Sweden	(1)	(1)
For the period, Rest of the world	(277)	(249)
Adjustments previous years, Rest of the world	137	26
Total current tax	**(151)**	**(253)**
Deferred:		
For the period, Sweden	(116)	351
For the period, Rest of the world	(294)	323
Adjustments previous years, Rest of the world	(71)	(54)
Total deferred tax	**(481)**	**620**
Total income taxes	**(632)**	**367**

Cash paid for taxes in 2008 was SEK 90 million, as compared to SEK 176 million in 2007. Changes in tax rates used to calculate deferred tax had an impact of SEK 46 million in 2008, which primarily related to the changed tax rate in Sweden for 2009. In 2007, the impact was SEK 14 million and primarily related to the changed tax rate in the United Kingdom for 2008.

The reconciliation of the difference between the statutory tax rate in Sweden and the effective tax rate are set forth below:

	Year ended 31 December	
Percentage	**2007**	**2008**
Statutory income tax rate	28	28
Differences in foreign tax rates	(8)	(22)
Taxes related to previous years	(1)	
Losses not currently utilized	1	26
Expenses not deductible	3	5

Percentage	Year ended 31 December 2007	2008
Nontaxable income	(6)	(29)
Utilization of tax loss carry forwards	(1)	
Restructuring	(5)	(30)
Other	3	(5)
Effective income tax rate	**14**	**(27)**

The principle reason why the effective income tax rate is lower than the statutory income tax rate for 2007 and 2008 is that the international shipping activities and capital gains, sales of financial instruments are to a large extent tax exempt in many countries.

11 Intangible fixed assets

The movements during the years ended 31 December, 2007 and 2008 are as follows:

SEK million	Goodwill	Brands	Distribution agreements	Customer relations	IT investments	Other intangible assets	Total
Acquisition costs							
Opening balance as per 1 January, 2007.	589				377	41	1,007
Purchase of company	14						14
Additions					39		39
Disposals					(14)		(14)
Translation differences.	(1)				1		
Closing balance as per 31 December, 2007	**602**				**403**	**41**	**1,046**
Purchase of company (Note 32)	986	860	560	10	67	2	2,485
Additions	2				53	1	56
Translation differences.	(25)				(1)	7	(19)
Closing balance as per 31 December, 2008	**1,565**	**860**	**560**	**10**	**522**	**51**	**3,568**
Accumulated amortization							
Opening balance as per 1 January, 2007.	(71)				(193)	(21)	(285)
Disposals					14		14

SEK million	Goodwill	Brands	Distribution agreements	Customer relations	IT investments	Other intangible assets	Total
Current year amortization............					(72)	(13)	(85)
Closing balance as per 31 December, 2007......................	**(71)**				**(251)**	**(34)**	**(356)**
Purchase of company (Note 32)................		(4)	(47)		(34)		(86)
Translation differences.	18						18
Current year amortization............		(14)	(24)	(2)	(53)	(13)	(106)
Closing balance as per 31 December, 2008......................	**(53)**	**(18)**	**(71)**	**(2)**	**(338)**	**(48)**	**(530)**
Net book value as per 31 December, 2007.	531				152	7	690
Net book value as per 31 December, 2008......................	**1,512**	**842**	**489**	**8**	**184**	**3**	**3,038**

Goodwill is allocated to the Group's cash-generating units (CGUs) identified by segment.

A segment-level summary of the goodwill allocation is presented below.

SEK million	2007	2008
New Businesses	511	1,273
Ferry operations..	20	239
Total	**531**	**1,512**

12 Vessels, Construction in progress and Equipment

The movements during the year ended 31 December, 2007 and 2008 are as follows:

SEK million	Vessels	Construction in progress	Equipment	Total
Acquisition costs				
Opening balance as per 1 January, 2007	21,118	5,658	1,587	28,363
Additions..	1,461	6,329	252	8,042
Disposals..	(833)		(126)	(959)
Transfers	5,510	(5,636)	140	14
Translation differences..	(566)	(530)	(37)	(1,133)

SEK million	Vessels	Construction in progress	Equipment	Total
Closing balance as per 31 December, 2007	**26,690**	**5,821**	**1,816**	**34,327**
Additions	6,089	3,473	428	9,990
Purchase of company (Note 32)	173	1	803	977
Disposals	(978)		(71)	(1,049)
Transfers	3,003	(3,365)	99	(263)
Translation differences	3,740	1,625	211	5,576
Closing balance as per 31 December, 2008	**38,717**	**7,555**	**3,286**	**49,558**
Accumulated depreciation				
Opening balance as per 1 January, 2007	(10,746)		(1,094)	(11,840)
Disposals	293		117	410
Translation differences	330		27	357
Transfers	(23)		23	
Current year depreciation	(1,201)		(157)	(1,358)
Closing balance as per 31 December, 2007	**(11,347)**		**(1,084)**	**(12,431)**
Disposals	495		64	559
Purchase of company (Note 32)	(120)		(560)	(680)
Additions	(232)			(232)
Translation differences	(1,099)		(108)	(1,207)
Transfers	73		7	80
Current year depreciation	(2,096)		(232)	(2,328)
Closing balance as per 31 December, 2008	**(14,326)**		**(1,913)**	**(16,239)**
Net book value as per 31 December, 2007	15,343	5,821	732	21,896
Closing balance as per 31 December, 2008	**24,391**	**7,555**	**1,373**	**33,319**

The insured value of the whole vessel fleet as of 31 December, 2008 was SEK 44,372 million, as compared to SEK 31,841 million as of 31 December, 2007.

As of 31 December, 2008, Construction in progress included six newbuildings: two RoPax-vessels, Superferries, under construction in Germany for delivery in 2010; two drillships under construction in Korea for delivery in 2009 and 2011; and two RoPax ships ordered from a shipyard in Korea for delivery in 2011. Construction in progress also includes construction of real estate in Stockholm. In total, the contract amount with the shipyards amounts to SEK 18,858 million. Yard payments of SEK 6,506 million, real estate projects of SEK 377 million, capitalized interest of SEK 258 million and other capitalized costs of SEK 414 million are included in Construction in progress as of 31 December, 2008.

The amount of interest capitalized on construction in progress was SEK 412 million and SEK 654 million for the years ended 31 December, 2008 and 2007, respectively. Additionally, SEK 2 million was capitalized on real estate newbuildings for 2008, amounted to SEK 2 million as per 31 December, 2007.

Valuation certificates issued on 31 December, 2008 by independent valuation institution indicate that the values in the vessel fleet exceeds net book value with SEK 18,201 million, as compared to SEK 12,735 million as of 31 December, 2007.

Part of the vessels net book value as of 31 December, 2008 refers to vessels held in accordance with financial leasing agreements, see Note 28 Leases.

Equipment is specified as follows:

SEK million	**Windmills**	**Other equipment**	**Total**
Acquisition costs			
Opening balance as per 1 January, 2007		1,587	1,587
Additions	22	230	252
Disposals		(126)	(126)
Transfers	118	22	140
Translation differences		(37)	(37)
Closing balance as per 31 December, 2007	**140**	**1,676**	**1,816**
Additions		428	428
Purchase of company (Note 32)		803	803
Disposals		(71)	(71)
Transfers		99	99
Translation differences		211	211
Closing balance as per 31 December, 2008	**140**	**3,146**	**3,286**
Accumulated depreciation			
Opening balance as per 1 January, 2007		(1,094)	(1,094)
Disposals		117	117
Translation differences		27	27
Transfers		23	23
Current year depreciation	(7)	(150)	(157)
Closing balance as per 31 December, 2007	**(7)**	**(1,077)**	**(1,084)**
Disposals		64	64
Purchase of company (Note 32)		(560)	(560)
Transfers		7	7

SEK million	Windmills	Other equipment	Total
Translation differences		(108)	(108)
Current year depreciation	(7)	(225)	(232)
Closing balance as per 31 December, 2008	**(14)**	**(1,899)**	**(1,913)**
Net book value as per 31 December, 2007	133	599	732
Net book value as per 31 December, 2008	**126**	**1,247**	**1,373**

13 Buildings and land together with Ports

The movements during the year ended 31 December, 2007 and 2008 are as follows:

SEK million	Buildings and land	Ports
Acquisition costs		
Opening balance as per 1 January, 2007	853	1,933
Additions	49	
Disposals	(11)	
Transfers	(118)	
Translation differences	(20)	(57)
Closing balance as per 31 December, 2007	**753**	**1,876**
Additions	203	16
Purchase of company (Note 32)	405	
Transfers	47	
Translation differences	63	(203)
Closing balance as per 31 December, 2008	**1,471**	**1,689**
Accumulated depreciation		
Opening balance as per 1 January, 2007	(378)	(778)
Disposals	2	
Translation differences	8	17
Current year depreciation	(26)	(23)
Closing balance as per 31 December, 2007	**(394)**	**(784)**
Purchase of company (Note 32)	(102)	
Translation differences	(51)	87
Transfers	(5)	

SEK million	Buildings and land	Ports
Current year depreciation	(21)	(46)
Closing balance as per 31 December, 2008	**(573)**	**(743)**
Net book value as per 31 December, 2007	359	1,092
Net book value as per 31 December, 2008	**898**	**946**

Buildings and land together with ports represent the group's assets used in its business including office buildings, ferry terminals etc.

Out of the net book value as of 31 December, 2008 for buildings and land, SEK 265 million relates to Swedish buildings and land.

The tax assessment value for these buildings and land amounted to SEK 102 million. Out of the net book value as of 31 December, 2007 for buildings and land, SEK 163 million relates to Swedish buildings and land. The tax assessment value for buildings and land last year amounted to SEK 68 million. Ports are only located in Great Britain so the tax assessment value is not presented.

14 Property

	As of 31 December,	
SEK million	**2007**	**2008**
Opening balance at Fair value	21,325	22,555
Additions	852	1,065
Reclassification construction in progress	103	141
Disposals	(267)	(699)
Unrealized fair value adjustments	397	(294)
Exchange differences	145	552
Closing balance at fair value	**22,555**	**23,320**

Investment Property—impact on the result

	As of 31 December,	
SEK million	**2007**	**2008**
Rental Income	1,989	2,085
Direct cost	(784)	(739)
Total	**1,205**	**1,346**

Investment properties are residential and commercial properties which are held to earn rentals or for capital appreciation or both.

Valuation of the investment properties was done at year end by assessing each individual property's fair value. The valuation method is based on the direct yield method and the net operating income is based on market rental income with a deduction for rental vacancy level of 1% for residential properties and 10% for commercial properties. The assessment of the yield requirements is based on information obtained about the market yield requirements in respect of the purchase and sale of comparable properties in similar locations.

The rate of return depends on the character of property and where it is located. At the valuation as of 31 December, 2008, the following rates of return have been used:

	Rate of return %	
Location	**Residential**	**Commercial**
Sweden	3.00 – 6.00	5.25 – 8.25
Eurozon	n/a	6.00 – 12.00

The estimated market value of investment properties is SEK 23,320 million compared to last year SEK 22,555 million.

To test the valuation, external valuations have been obtained. The external valuations cover 20% of the total property value in absolute terms but these selected properties represent 80% of the properties in terms of property types, technical standard and building design.

A comparison between the internal and external valuations reveals that Stena's valuations are within the value range stated by the external valuation companies.

The tax assessment value for the Swedish properties amounted to SEK 15,649 million, of which land represented SEK 4,562 million. For the year ended 31 December 2007, the tax assessment value for these properties amounted to SEK 14,538 million, out of which land SEK 4,231 million.

15 Investment in SPEs

Since late 2002, the Company has invested in special purpose entities ("SPEs"). The SPEs have invested in different debt securities, including high yield bonds. The SPEs have issued debt securities which are secured by their assets. The minority share of the results is deducted in the income statement while the minority part of total equity is shown as a liability in the balance sheet.

The investments in the CDO ("Collateral Debt Obligation") and CLO ("Collateral Loan Obligation") started in December 2002, August 2003 and October 2005. They where established during 2003, June 2004 and August 2006. The latest CLO was started in November 2006. The minority interest for the CDO/CLOs are 13.7%, 15.4%, 11.3% and 5% respectively.

The consolidation of the SPEs has had the following impact:

	Year ended 31 December,	
SEK million	**2007**	**2008**
Financial income and expense	150	(43)
Minority interest	(16)	8
Net income	**134**	**(35)**
Investment in SPEs[(1)]	9,251	9,973
Short-term investments[(2)]	178	1,290
Other assets	360	240
Total assets	**9,789**	**11,503**
Retained earnings	1,113	574
Net income	134	(35)
Total shareholders' equity	**1,247**	**539**
Minority interest	158	181

SEK million	Year ended 31 December, 2007	2008
Debt of SPEs[3]	8,021	9,492
Other debt	363	1,291
Total liabilities	**8,384**	**10,783**
Total shareholders' equity and liabilities	**9,789**	**11,503**

1) Investment in SPEs are recorded at market value with gains and losses recorded to profit and loss. Investments in other securities are recorded to market value with gains and losses recorded to shareholders' equity. The corporate loans are recorded at cost in the balance sheet and tested for impairment at each reporting date. The market value of the corporate loans is SEK 3,488 million lower than cost.

2) Refers to cash and cash equivalents in the SPEs. This cash is not available to the Company and is therefore included as restricted cash.

3) Debt of SPEs refers to secured notes issued by the SPEs and secured bank loans borrowed by the SPEs. These obligations are secured by pledges of the assets of the SPEs and are not guaranteed by the Stena AB Group.

SEK million	As of 31 December, 2007	2008
The investment in SPEs are classified as follows:		
Corporate Fixed Income Securities classified as "available for sale" and revalued in equity:	1,992	1,268
Senior Bank Debt classified as "held to maturity" and kept at cost in the balance sheet	7,259	8,705
Total	**9,251**	**9,973**

16 Marketable securities

SEK million	As of 31 December, 2007	2008
Opening balance	5,802	7,674
Additions	3,383	2,732
Disposals	(1,746)	(5,807)
Reclassification	(557)	192
Revaluation of financial assets through profit or loss	66	(1,474)
Revaluation of financial assets through shareholders' equity	558	(1,146)
Translation differences	168	479
Investment at the end of year	**7,674**	**2,650**

SEK million	2007	2008
Marketable securities are classified as:		
Financial assets at fair value through the income statement	4,463	1,923
Available-for-sale financial assets	3,211	727
Total	**7,674**	**2,650**

Marketable securities refer to the Stena AB groups listed shares, these are recorded at fair value.

As of 31 December, 2008 shares with a book value of SEK 700 million have been pledged as security for bank debt. As of 31 December, 2007, shares with a book value of SEK 173 million were pledged as security for bank debt.

Marketable securities as of 31 December, 2008 are as follows:

SEK million	**No. of shares**	**Book value**
Held by parent company:		
Bioinvent	2,240,000	33
Vitrolife	110,000	3
Total		**36**

SEK million	**No. of shares**	**Book value**
General Maritime[1]	1,252,988	217
Meda	11,191,939	431
Corral Finans AB FRN	488,594	281
Statoil	1,301,151	166
Schlumberger	420,000	139
Sistema 28.01.11	200,000	110
Outotec	1,025,247	122
Q-cells	407,000	112
Alfa Laval	1,415,000	96
X5 Retail	1,395,486	94
Songa 24.03.11	136,000	90
Brightside GRP	25,789,473	63
Vestas	136,300	61
HSBC Growth Fund	834,388	60
Sandvik	1,172,100	57
Explorer Financial Fund	33,999	56
Sberbank	10,150,000	55
Comstar	1,695,102	41
Technip	150,000	36
SBM Offshore	307,317	31
Jardine Strategic	470,000	30

SEK million	No. of shares	Book value
Eos Russia BTA	1,799,884	29
Citigroup	500,000	27
Remora	1,437,383	24
Hexagon	561,813	21
Carlsberg	80,000	20
East Capital Explorer	450,000	18
Renewable Energy	245,000	18
Iofina	5,195,000	15
Hafslund	160,000	13
Black Earth Farming	700,000	13
Dockwise	3,112,500	13
Sistema	290,000	13
Petrobas	34,000	7
Alpcot	425,000	5
M Video	540,000	4
Other		26
Total listed shares		**2,650**

1) At the end of 2008, there was limited trading in Arlington Tankers. Arlington Tankers was acquired by General Maritime in december 2008. This entailed that the holding has been valued, using the alternative method, on the basis of anticipated future cash flows. Previously recognised accumulated profit or loss is redistributed from equity to the income statement at the point in time at which the investments are removed from the balance sheet.

17 Other noncurrent assets

SEK million	Deferred tax assets	Other receivables	Available for sale shares	Deferred costs	Total
Opening balance as per 1 January, 2007	379	2,854	754	348	4,335
Additions		928	1,165	225	2,318
Disposals	(36)	(203)	(8)	(13)	(260)
Revaluation through the income statement		(206)	(40)		(246)
Reclassification	298	(1,184)			(886)
Translation differences		152	25	(3)	174
Closing balance as per 31 December, 2007	**641**	**2,341**	**1,896**	**557**	**5,435**
Additions	2	821	1,152	635	2,610

SEK million	Deferred tax assets	Other receivables	Available for sale shares	Deferred costs	Total
Disposals	(2)	(113)	(119)	(648)	(882)
Revaluation through the income statement	337	(12)	(31)		294
Reclassification	(527)	(730)			(1,257)
Translation differences		(780)	319	32	(429)
Closing balance as per 31 December, 2008	**451**	**1,527**	**3,217**	**576**	**5,771**

Deferred tax assets relate to unutilized tax losses carried forward. Reclassifications include netting against deferred tax liabilities. See Note 10.

Other receivables as of 31 December, 2008 include receivables related to sales of subsidiaries amounting to SEK 1,063 million. Other receivables as of 31 December, 2007 include receivables related to sales of subsidiaries amounting to SEK 1,961 million.

Available for sale shares include investments in non-listed shares. These shares are accounted for as Available for sale shares valued through the equity.

Companies held between 20% and 50%, and that are not Available for sale shares valued through equity, are accounted for as other associated companies. The share of these companies' results is included in direct operating expenses. See Note 6.

Shares are specified as follows:

SEK million	No. of shares or % held	Book value
Held by parent company:		
Alligator	1,643,670	32
Ram one	126,149	110
Health Invest	504,510	36
Total		**178**

Shares are specified as follows:

SEK million		No. of shares or % held	Book value
Held by subsidiaries:			
SentoClone	Sweden	10%	120
Örgryte Bostads AB & Co KB	Sweden		3
Austen Maritime Services Pte Ltd	Singapore	50%	
Partrederiet SUST I DA	Norway	50%	48
Partrederiet SUST III DA	Norway	50%	50
Ugland Stena Storage A/S (USS)	Norway	50%	

SEK million			No. of shares or % held	Book value
Stena Ugland Shuttle Tankers	Norway			
Nordic Rio LLC	Marshall Islands		50%	21
Stena Sonangol Suezmax pool LLC	Marshall Islands		50%	
Navion	Marshall Islands		50%	39
ING DUTCH OFFICE FUNDS	Netherlands		5%	1,144
Schiphol Real Estate CV	Netherlands		540	413
China Opportunity Fund	China		11%	408
EQT China	China		5%	45
Tanker Ltd (SUST)	Cayman Islands		50%	
Chase Private Equity Fund	Cayman Islands		3,729,232	23
ICE Canyon emerging market CLO	Cayman Islands		10%	37
Southern Rock	Gibraltar		59,021	57
Paradise	Liberia		35%	435
Weavering Macro fixed income fund	Cayman Islands	nom	USD 10 million	85
Glacia Limited	Bermuda		50%	68
RoRo Partners Ltd	Bermuda		49%	9
Caribbean partners	Bermuda			13
Other				21
Total non listed shares				**3,217**

18 Inventory

SEK million	As of 31 December 2007	2008
Bunker and lubricating oil	156	110
Inventories of goods for sale	155	187
Raw materials and consumables	99	226
Products in progress	7	57
Finished products	1	95
Total	**418**	**675**

19 Short-term receivables

SEK million	As of 31 December 2007	2008
Trade debts		
Outstanding but not due	2,130	3,148
Due up to 30 days	374	257
Due more than 30 days	166	244
Total	**2,670**	**3,649**
Other receivables		
Related parties (Note 35)	279	144
Other short-term receivables	2,918	3,388
Total	**3,197**	**3,532**
Prepaid expenses and accrued income		
Prepaid expenses	240	769
Accrued income	756	925
Total	**996**	**1,694**
Total short-term receivables	**6,863**	**8,875**

Book value of trade debts corresponds to fair value. The total allowance for doubtful trade receivables was SEK 91 million as of 31 December, 2008 and SEK 39 million as of 31 December, 2007.

Selling expenses as of 31 December, 2008 include costs for doubtful receivables of SEK 42 million, and SEK 3 million as of 31 December, 2007.

20 Short-term investments

SEK million	As of 31 December 2007	2008
Marketable debt and equity securities, trading	1,945	380
Restricted cash	1,235	4,713
Total	**3,180**	**5,093**

Book value of Short-term investments corresponds to fair value. Marketable debt and equity securities are classified as “Financial assets at fair value through the income statement”.

Certain marketable debt and equity securities and restricted cash amounting to SEK 1,343 million at 31 December, 2008 and SEK 2,063 million at 31 December, 2007 have been pledged as security for bank debt. See Note 31.

Restricted cash as of 31 December, 2008 includes SEK 1,290 million of cash and cash equivalents in the SPEs, which is not available to the Company. As of 31 December, 2007 such restricted cash amounted to SEK 178 million. Other restricted cash represents bank accounts that have been pledged to cover various long-term liabilities and commitments of the Company.

21 Cash and cash equivalents

	As of 31 December	
SEK million	**2007**	**2008**
Cash	604	1,206
Short term deposits	104	225
Total	**708**	**1,431**

Short-term deposits are defined as bank deposits that have original maturities of up to three months.

22 Fixed assets held for sale

Fixed assets held for sale refers to two tankers from the segment Crude oil tankers with a net booked value of SEK 448 million and the fast ferry *Stena Discovery* from the segment Ferry operations which is fully impaired. These assets are recorded at the lower of carrying amount and fair value with a deduction for selling costs, which in 2008 did not lead to any impairment. These three vessels are expected to be delivered during the second quarter of 2009.

23 Deferred Tax Liabilities

The net deferred tax liability of the Company consists of the following:

	As of 31 December	
SEK million	**2007**	**2008**
Deferred tax liabilities:		
Tangible fixed assets	3,972	3,943
Financial fixed assets	332	89
Provisions	234	275
Other	396	414
Total deferred tax liabilities	**4,934**	**4,721**
Deferred tax assets:		
Tangible fixed assets	626	123
Tax loss carryforwards	817	1,956
Financial fixed assets	73	276
Provisions	484	288
Less deferred tax assets not recognized	(552)	(1,042)
Total deferred tax assets recognized	**1,448**	**1,601**
Net deferred tax liability	3,486	3,120
Out of which:		
Deferred tax assets (Note 17)	641	451
Deferred tax liabilities	4,127	3,571

Deferred taxes have been calculated net on a country basis. Net deferred tax assets are shown as Other noncurrent assets.

Calculation of deferred taxes is based on local nominal tax rate.

Changes in tax rates used to calculate deferred tax had an impact of SEK 46 million in 2008, which primarily related to changed tax rate in Sweden for 2009. In 2007, the impact was SEK 14 million and primarily related to changed tax rate in the United Kingdom for 2008.

			2007			**2008**
Taxes on Profit before tax SEK million	**Taxes charged to income statement**	**Taxes charged to equity**	**Total taxes**	**Taxes charged to income statement**	**Taxes charged to equity**	**Total taxes**
Current taxes....	(151)		**(151)**	(253)		**(253)**
Deferred taxes..	(481)	63	**(418)**	620	(254)	**366**
	(632)	63	**(569)**	**367**	**(254)**	**113**

The Company's gross value of tax loss carryforwards are as follows:

	As of 31 December	
SEK million	**2007**	**2008**
Sweden	1,290	2,724
Rest of the world..	1,847	8,457
Total	**3,137**	**11,181**

Most tax loss carryforwards can be carried forward indefinitely.

Tax loss carryforwards of SEK 5,079 million expire between 2009 and 2016.

24 Employee benefits

Provisions for pensions and other provisions:

Post-employment benefits, such as pensions, health care and other benefits are mainly settled by means of regular payments to independent authorities or bodies that assume pension obligations and administer pensions through defined contribution plans. The remaining post-employment benefits are defined benefit plans; that is, the obligations remain within the Company. Costs and obligations at the end of a period for defined benefit plans are calculated based on actuarial assumptions and measured on a discounted basis. The assumptions include discount rate, inflation, salary growth, long-term return on plan assets, mortality rates and other factors. Discount rate assumptions are based on long-term high quality corporate bonds and government bond yield available at year end. The assets consist mainly of long-term high corporate bonds, government bonds and equities and the asset allocation for each pension scheme is defined in an investment policy document.

Stena has commitments for retirement pensions and family pensions for office personnel in Sweden which are secured through an insurance policy with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 3, this is a defined benefit plan covering several employers, and a so-called multi employer plan. Alecta is currently unable to provide defined benefit accounting for such participants, and therefore premiums paid to Alecta are accounted for as defined contribution expense. Fees for the year paid covering such arrangements were SEK 30 million for each of the years 2008 and 2007. Alecta's profit in the form of the so-called collective consolidation level amounted to 112% and 152% for 2008 and 2007, respectively. The collective consolidation level comprises the fair value of Alecta's assets as a percentage of the insurance commitments calculated in accordance with Alecta's insurance calculation principles and assumptions which are not in conformity with IAS 19.

The following tables disclose information about defined benefit plans. The information refers to assumptions applied for actuarial calculations, periodical costs and the value of obligations and plan assets at year-end. The tables also include a reconciliation of obligations and plan assets during the year and the difference between fair values and carrying amounts reported on the balance sheet date. Costs for pensions are reported as administration costs.

Assumptions applied for actuarial calculations %	Sweden		Great Britain		Other Europe	
	2007	2008	2007	2008	2007	2008
Discount rate	4.40	4.00	5.80	6.50	5.20	5.80
Expected return on plan assets	—	—	7.50	7.50	5.80	5.10
Expected salary increases	3.00	3.00	4.30	3.75	3.50	3.50

Pension costs SEK million	2007	2008
Current service costs	62	57
Interest costs	719	673
Expected return on plan assets	(719)	(690)
Actuarial gains and losses	(1)	(1)
Total pension costs for defined benefit plans	**61**	**39**
Pension costs for defined contribution plans	319	322
Total pension costs	**380**	**361**

Obligations for pensions, net SEK million	Sweden	Great Britain	Other Europe	Total
Obligations, 31 December 2006	88	2,083	(22)	2,149
Impact of Transition to IFRS	(24)	(408)	21	(411)
Obligations, 1 January 2007	**64**	**1,675**	**(1)**	**1,738**
Current service costs	7	49	6	62
Interest costs	12	701	6	719
Expected return on plan assets	(12)	(700)	(7)	(719)
Actuarial gains and losses	(1)			(1)
Exchange differences		(106)	(2)	(108)
Payment of pension fees from the company	(11)	(269)	2	(278)
Benefits payed	(4)		(5)	(9)
Other provisions			1	1
Obligations for pensions, net, 31 December, 2007	**55**	**1,350**		**1,405**
Current service costs	8	44	5	57
Interest costs	14	651	8	673

Obligations for pensions, net SEK million	Sweden	Great Britain	Other Europe	Total
Expected return on plan assets	(12)	(670)	(8)	(690)
Actuarial gains and losses	(1)			(1)
Exchange differences		(151)	1	(150)
Payment of pension fees from the company	(13)	(250)	(8)	(271)
Benefits payed	(4)			(4)
Business combinations	55	36		91
Other provisions		11		11
Obligations for pensions, net, 31 December, 2008	**102**	**1,021**	**(2)**	**1,121**

Provision for pensions, net SEK million	Sweden	Great Britain	Other Europe	Total
Net provisions for pensions, 1 January, 2007	64	1,675	(1)	1,738
Current value of funded obligations	307	11,020	147	11,474
Fair value of plan assets	(227)	(10,144)	(134)	(10,505)
Provisions, net	80	876	13	969
Unrecognized actuarial gains and losses	(26)	475	(13)	436
Net provisions for pensions, 31 December, 2007	**54**	**1,351**		**1,405**
Current value of funded obligations	390	8,880	144	9,414
Fair value of plan assets	(155)	(8,009)	(160)	(8,324)
Provisions for pensions	235	871	(16)	1,090
Unrecognized acturial gains and losses	(133)	150	14	31
Net provisions for pensions, 31 December, 2008	**102**	**1,021**	**(2)**	**1,121**
whereof reported as				
Other non-current assets	(116)	(28)	(2)	(146)
Provisions for pensions	218	1,049		1,267

25 Other Provisions

	As of 31 December	
SEK million	**2007**	**2008**
Opening balance	1,668	2,713
Additions	964	387
Disposals		(1,284)

SEK million	As of 31 December 2007	2008
Exchange differences	81	213
Closing balance	**2,713**	**2,029**

Other provisions relate to provisions for income related to the financing of the DrillMAX vessels *Stena Carron* and *Stena Forth*. The provisions will be resolved during the time of the future leasing periods.

2007 also included provisions for income related to the financing of the DrillMAX vessel *Stena DrillMAX* and the vessels *Stena Traveller* and *Stena Trader*. The leasing contracts were terminated and the provisions for these vessels have been taken to the finance net in the Income statement.

26 Bank debt

SEK million	2007 Current	2007 Noncurrent	2007 Total	2008 Current	2008 Noncurrent	2008 Total
Property loans	150	12,855	13,005	327	13,159	13,486
Other loans	614	5,840	6,454	660	15,383	16,043
Revolving credit facilities		4,400	4,400		5,843	5,843
Other utilized bank credit lines	221	217	438	402	286	688
Total	**985**	**23,312**	**24,297**	**1,389**	**34,671**	**36,060**

Schedule for repayment of bank debt is presented in Note 33, Liquidity risks.

The carrying amounts of the group's borrowings are denominated in the following currencies:

SEK million	As of 31 December 2007	2008
SEK	11,474	12,534
GBP	952	771
USD	7,997	15,784
EUR	3,874	6,016
Other currencies		955
Total	**24,297**	**36,060**

Regarding assets pledged, see note 31.

27 Senior notes

Stena AB (publ.) has since 1995 financed the business with issuance of Senior Notes in the U.S. Loans issued in 1995 and 1997 have been repaid by the end of 2003.

In November 2002, the Company issued USD 200 million of notes at an interest rate of 9.625% with maturity on 1 December, 2012.

In November 2003, the Company issued USD 175 million of notes at an interest rate of 7.5% with maturity on 1 November, 2013. In November 2004, the Company issued USD 250 million of notes at an interest rate of 7.0% with maturity on 1 December, 2016. In 2008 USD 18 million and USD 43 million, respectively, was repaid. Thereafter the Senior Notes amounted to USD 153.1 million and USD 128.7 million, respectively.

In February 2007, a decision was taken to issue bonds on the European market. On February 8, 2007, the Company completed an offering of EUR 300 million at an interest rate of 6.125% of Senior Notes due 2017. The Company used a portion of the proceeds of the offering of the notes to purchase our Senior Notes due 2012 in a tender offer and consent solicitation.

On February 14, 2007, the Company completed an offering of EUR 102 million at an interest rate of 5.875% Senior Notes due 2019. The Company intends to use these proceeds for general corporate purposes.

The Senior Notes are not secured. In general, a minimum ratio related to cash flow and interest expense must be met in order to make further borrowings.

			Fair value		**Carrying amount SEK million**	
Issued-Maturity			**As of 31 December**		**As of 31 December**	
(million)	**Nominal**	**Interest**	**2007**	**2008**	**2007**	**2008**
2003 – 2013	USD 175	7,50%	USD 168	USD 101	1,103	1,206
2004 – 2016	USD 250	7,00%	USD 165	USD 82	1,108	1,014
2007 – 2017	EUR 300	6,125%	EUR 257	EUR 124	2,807	3,285
2007 – 2019	EUR 102	5,875%	EUR 82	EUR 36	955	1,117
Total					**5,973**	**6,622**

28 Leases

Company as lessee:

The operating lease obligations include chartering of crude oil tankers on a timecharter basis, chartering of ferries principally on a bareboat basis, as well as obligations related to rentals of properties and ports.

Rental expense for operating leases were as follows:

	Year ended 31 December	
SEK million	**2007**	**2008**
Rental expense	2,991	2,863

Four RoPax vessels, two Drillship and two tankers are leased under capital leases. The gross amount of vessels under capital leases as of 31 December, 2007 and 2008 amounted to SEK 7,990 million and SEK 8,471 million, respectively. The net book value related to these capital leases amounted to SEK 7,461 million as of 31 December, 2007 and SEK 7,626 million as of 31 December, 2008.

As of 31 December, 2007 the future minimum lease commitments under non-cancellable operating leases and capital leases were as follows:

SEK million	**Operating leases**	**Capital leases**
2008	2,616	154
2009	1,584	155
2010	1,046	556
2011	743	116
2012	710	278
2013 and thereafter	2,969	1,202

SEK million	Operating leases	Capital leases
Total minimum lease commitments	**9,668**	**2,461**

As of 31 December, 2008 the future minimum lease commitments under non-cancellable operating leases and capital leases were as follows:

SEK million	Operating leases	Capital leases
2009	2,733	135
2010	1,674	615
2011	868	88
2012	577	80
2013	549	242
2014 and thereafter	2,881	966
Total minimum lease commitments	**9,282**	**2,126**

Company as lessor:

The Company leases properties and certain vessels to third parties under operating leases. The cost, accumulated depreciation and net book value of these assets held for lease as of 31 December, were as follows:

			2007			2008
SEK million	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Vessels	13,800	(4,312)	9,488	24,151	(6,552)	17,599
Real estate	22,555		22,555	23,320		23,320
Total	**36,355**	**(4,312)**	**32,043**	**47,471**	**(6,552)**	**40,919**

As of 31 December, 2007 the future minimum rentals to be received under non-cancellable operating leases were as follows:

SEK million	Vessels	Real estate	Total
2008	4,421	623	5,044
2009	3,289	550	3,839
2010	898	403	1,301
2011	365	268	633
2012	308	169	477
2013 and thereafter	253	190	443
Total minimum lease rentals	**9,534**	**2,203**	**11,737**

As of 31 December, 2008 the future minimum rentals to be received under non-cancellable operating leases were as follows:

SEK million	Vessels	Real estate	Total
2009	7,518	713	8,231
2010	5,781	639	6,420
2011	1,854	467	2,321
2012	2,068	298	2,366
2013	817	165	982
2014 and thereafter		253	253
Total minimum lease rentals	**18,038**	**2,535**	**20,573**

In addition to the minimum lease rentals as above, the Company has entered into lease agreements for the DrillMAX vessel *Stena Forth*, currently under construction.

The amounts in the table above exclude amounts from the Company's portfolio of residential rental properties since those lease agreements are generally cancellable within three months.

29 Other noncurrent liabilities

	As of 31 December	
SEK million	**2007**	**2008**
Prepaid income	93	103
Other liabilities	793	2,551
Total	**886**	**2,654**

Other noncurrent liabilities include a net debt amount of SEK 203 million as per 31 December, 2008 regarding capital leases for the DrillMAX vessel *Stena Forth* and SEK 621 million as per 31 December, 2007 regarding capital leases for the DrillMAX vessels *Stena Carron* and *Stena Forth*. Other noncurrent liabilities also include a loan from related parties, Stena Metall, amount to SEK 682 million as per 31 December, 2008.

Repayment of noncurrent liabilities is required according to the following schedule:

SEK million	1-3 years	3-5 years	More than 5 years	Total
Prepaid income	8	35	60	103
Other liabilities	2,492	8	51	2,551
Total	**2,500**	**43**	**111**	**2,654**

30 Accrued costs and prepaid income

	As of 31 December	
SEK million	**2007**	**2008**
Accrued costs		
Charter hire/running costs	9	7
Interest costs	821	605

SEK million	As of 31 December 2007	2008
Accrued personnel costs	342	252
Other accrued costs	1,647	1,211
	2,819	**2,075**
Prepaid income		
Prepaid charter hire	(4)	184
Other prepaid income	542	585
	538	769
Total accrued costs and prepaid income	**3,357**	**2,844**

31 Pledged assets, commitments and contingent liabilities

Pledged assets

The following assets have been pledged as securities for bank debt:

SEK million	As of 31 December 2007	2008
Shares in subsidiaries	576	1,897
Mortgages on vessels	13,839	21,722
Mortgages on properties	14,336	15,376
Chattel mortgages	210	463
Investment in affiliated companies	1,188	752
Marketable securities	173	700
Trade debtors	322	391
Short term investments	2,063	1,343
Reservation of title	52	52
Assets pledged, other		795
Total assets pledged for normal bank debt	**32,759**	**43,391**
Investment in SPEs	9,251	9,973
Total assets pledged for bank debt	**42,010**	**53,464**
Normal bank debt and capitalized lease obligations	26,781	38,186
Debt in SPEs	8,021	9,492
Total bank debt and capitalized lease obligations	**34,802**	**47,678**

In addition, certain guarantees have also been issued to cover various liabilities and commitments.

Commitments

Future minimum lease commitments relating to operating leases of vessels, ports etc. amount to SEK 2,733 million for 2009 and SEK 6,549 million from 2010. See Note 28.

As of 31 December, 2008, a total of six vessels were on order from different shipyards. The total contract amount for these vessels amounts to SEK 18,858 million. Yard payments of SEK 5,927 million have been made in respect of these contracts.

For credit risks relating to oil derivative contracts the Company has posted collateral of SEK 785 million in 2008 which is presented as restricted cash under short-term investments, see Note 20.

Contingent liabilities

	As of 31 December	
SEK million	**2007**	**2008**
Guarantees	1,361	752
Other contingent liabilities	332	2,306
Total	**1,693**	**3,058**

Guarantees include mainly newbuilding projects in associated companies and guarantee commitments for equipment delivered. There are also on-going tax issues with tax authorities in the Group.

32 Consolidated statements of cash flows

Purchase of subsidiaries

Ballingslöv:

On 16 May 2008, Stena Adactum made a public cash offer to acquire the remaining shares in the affiliated company Ballingslöv AB (publ). Adactum increased its interest in the share of capital of Ballingslöv from 28.6% to 48% during the second quarter of 2008. After closing of the bid for Ballingslöv, Adactum increased its interest in the share of capital of Ballingslöv to 80.2% as of 31 December, 2008. Ballingslöv has been accounted for as a subsidiary as of the third quarter of 2008.

The acquisition of Ballingslöv is in line with Adactum's strategy to make long-term investments to build strong and profitable companies. Ballingslöv had at the time for the acquisition 1,446 employees. Ballingslöv is an international group in the field of kitchens, bathrooms and storage products with an ambition to become one of the leading players in the European market. Ballingslöv has one manufacturing site in Ballingslöv in Sweden, one in Great Britain and five in Denmark. The total purchase price was SEK 1,321 million, whereof SEK 1,034 million relates to acquisitions during 2008. The costs directly linked to the acquisition come in addition to this and have amounted to SEK 5 million. The difference between the purchase price paid and the adjusted fair value of acquired net assets, with deduction for minority interest, is SEK 644 million and refers to goodwill. The value of the goodwill is still preliminary.

Ballingslöv's total income and EBITDA for 2008 from the date of the acquisition were SEK 1,285 million and SEK 55 million respectively. If Ballingslöv had been acquired at 1 January, 2008, the corresponding figures would have been SEK 2,774 million and SEK 232 million respectively.

Sembo:

On 1 January, 2008 Stena Line acquired 100% of the shares in Sembo AB. Sembo has its headquarters in Helsingborg and 55 employees. Sembo is a package holiday company. The acquisition is in line with Stena Lines' strategy to strengthen and develop the products supplied. The acquisition enables Stena Line to offer more than 200 new destinations throughout Europe. The purchase price was SEK 61 million. The difference between the purchase price paid and the adjusted fair value of acquired net assets is SEK 37 million and refers to goodwill. The value of the goodwill is still preliminary. Sembos total income and EBITDA for 2008 from the date of the acquisition were SEK 330 million and SEK (2) million respectively.

Steneo AB (HH Ferries):

On 1 October, 2008 Stena Line Holding BV acquired 100% of the shares in Steneo AB, including the subsidiaries Helsingborg-Helsingör Shipholding A/S, HH-Ferries A/S and HH-Ferries AB. The Steneo Group has 200 employees. Steneo is the holding company in the group and HH-Ferries runs the ferry route Helsingborg-Helsingör with two ferries. The acquisition creates possibilities in achieving synergies by combining and integrating the HH Ferry operation with Stena Lines present operation. The purchase price was SEK 61 million. The difference between the purchase price paid and the adjusted fair value of acquired net assets is SEK 191 million and refers to goodwill. The value of the goodwill is still preliminary.

Steneo's total income and EBITDA for 2008 from the date of the acquisition are SEK 58 million and SEK (8) million respectively. If Steneo had been acquired at 1 January, 2008, the corresponding figures would have been SEK 279 million and SEK 2 million respectively.

The total value of the acquired assets and liabilities is presented in the below table which also shows the cash flow impact of the acquisitions. All acquired assets and liabilities were reported according to IFRS, alternatively no differences compared to IFRS, at the time of the acquisition.

SEK million	**Book value**	**Adjustment to fair value**	**Adjusted fair value**
Assets and liabilities acquired:			
Intangible assets	370	990	1,360
Tangible fixed assets	505	24	529
Financial fixed assets	128		128
Inventories	280		280
Current receivables	541		541
Cash and cash equivalents	165		165
Provisions	(207)		(207)
Long-term debt	(1,266)		(1,266)
Current liabilities	(510)		(510)
Deferred tax		(283)	(283)
Acquired net assets	**6**	**731**	**737**
Minority interest			(167)
Goodwill			872
Purchase price			(765)
Costs directly linked to the acquisitions			(5)
Cash and cash equivalents in the acquired businesses			165
Effect on the Group's cash and cash equivalents			**(605)**

No subsidiaries were purchased in 2007.

Cash payments

SEK million	Year ended 31 December 2007	2008
Interest	2,327	**2,594**

33 Financial instruments and risk management

The Company uses financial instruments to reduce the risk of major adverse effect on its results from price changes in the currency, interest rate and oil markets.

As a basic principle, fixed assets are financed with long term funding in the form of issued bonds, bank debt and leasing liabilities.

Each subsidiary's assets are financed in local currency and to the extent that assets and liabilities in foreign currency cannot be matched, the net exposure is hedged with financial derivative contracts.

To achieve a desired currency mix and interest fixing profile the Company uses various types of interest rate derivatives such as fixed rate swaps, cross currency interest rate swaps. Interest rate options are also used either to cap or to lock in a range of the interest rate level.

Currency risks arise when converting foreign currency denominated P/L or balance sheet items to SEK and when converting cash flows in foreign currency. These risks are reduced by hedging with forward foreign exchange contracts or with currency options.

Fluctuations in the price of bunker fuel, which predominantly affects the Ferry operations, are managed by fixed price agreements with the supplier for the various grades of bunker fuels or by using financial derivatives for crude oil.

As part of the tanker operations the Company also uses, to a limited extent, contracts for freight rates, forward freight agreements.

Financial risk management is carried out within the scope of the Company's financial policies and guidelines by the treasury units in Switzerland, Holland, Luxembourg and Sweden.

Credit risks

All financial instruments are dealt with counterparties who are considered to be creditworthy institutions where terms and conditions are documented. In the normal course of business, none of the parties demand collateral for credit exposures from financial instruments. All financial derivatives are traded within the framework of established ISDA agreements, where positive and negative market values are netted.

In the tables below credit risk refers to net positive market values per counterparty.

The following table summarizes the notional volume and credit risks of financial derivative instruments

	31 December 2007		31 December 2008	
SEK million	Notional amount	Credit risk	Notional amount	Credit Risk
Currency forward contracts	15,221	184	29,472	536
Currency options		59		
Interest rate swaps	9,146		8,722	
Interest rate options	4,239	103	4,048	5
Commodity fixed price swaps—oil	895	420	1,764	
Commodity options—oil		356		
Forward freight agreements	19	2	45	
Total	**29,520**	**1,124**	**44,050**	**541**

__Interest rate risk management__

The Company holds fixed assets in ships and real estate in USD, SEK, EUR and GBP and as a consequence the debt portfolio and the accompanying interest rate risks are distributed by the same currencies. In order to manage this risk and to achieve desired interest rate levels the Company's management makes regular assessments of the interest rate risks. This exposure is adjusted with interest rate derivatives which to the largest possible extent are matched against the maturity profiles of the underlying debt.

The following tables summarize the interest rate contracts for hedging of the interest rate exposure of the Company's debt portfolio in various currencies:

__As of 31 December, 2007__

	Notional amounts					
Type of instrument	**Currency**	**SEK million**	**Receive rate, %**	**Pay rate, %**	**Option bought/sold**	**Length of contract**
swap......	SEK	1,400	4.45 – 4.48	3.23 – 3.63		November 2015
cap	SEK	3,500	3m Stibor	4	bought	November 2011
swap......	EUR	267	6m Euribor	6m Euribor+1.68		September 2008
swap......	EUR	98	5.52	6m Euribor+1.19		December 2012
swap......	EUR	348	6m Euribor	3.83 – 3.92		January 2013
cap	EUR	267	6m Euribor	strike 5.50	bought	September 2008
cap	EUR	378	3.25	6m Euribor	bought	October 2010
cap	EUR	95	6m Euribor	3.25	bought	March 2010
swap......	GBP	563	3m Libor	6.03		January 2011
swap......	GBP	418	3m Libor	3m Libor (0.14)		May 2028
swap......	EUR	2,835	6.13	3.5+(index)(1)		February 2023
swap......	USD	1,609	7	4.75+(BMA)(2)		December 2016
swap......	USD	1,609	3m Libor	2.83-3.09		September 2008
Total		13,387				

__As of 31 December, 2008__

	Notional amounts					
Type of instrument	**Currency**	**SEK million**	**Receive rate, %**	**Pay rate, %**	**Option bought/sold**	**Length of contract**
swap.....	SEK	1,400	3m Stibor	3,23 – 3,63		November 2015
swap.....	GBP	1,829	6m Libor	GBP real rate(3)		june 2013
cap	SEK	3,500	3m Stibor	4	bought	November 2011
swap.....	EUR	438	3m Euribor	6m Euribor		November 2009
swap.....	USD	1,564	3m Libor	3,66 – 3,72		June 2011

Type of instrument	Notional amounts Currency	SEK million	Receive rate, %	Pay rate, %	Option bought/sold	Length of contract
swap.....	EUR	108	5,52	6m Euribor+1,19		December 2012
swap.....	EUR	400	6m Euribor	3,83-4,12		March 2017
cap	EUR	438	3,25	6m Euribor	bought	October 2010
cap	EUR	110	6m Euribor	3,25	bought	March 2010
swap.....	GBP	460	3m Libor	6,03		January 2011
swap.....	EUR	567	3m Libor +0,86	3m Libor – 0,14		May 2028
swap.....	USD	1,955	7	4,75+(BMA)(2)		December 2016
Total		12,769				

(1) index= Index return based on i) 12 versus 15m forward of 3 months USD Libor interest rate ii) 2 year vs 5 y EUR swap rate differential and iii) 10y GBP vs 6 months CHF interest rate differential. This swap was closed in March 2008.

(2) BMA= Index return based on the interest rate differential between USD Libor and US Municipality bonds.

(3) Consists of two swaps which results in net transaction whereby Stena pays a fixed real rate in GBP. The swap was closed in January 2009.

In addition to interest instruments, the SPEs investing in different debt securities, see note 12, have also entered into certain hedging instruments. To reduce the potential negative effects on the actual values of these entities, interest swaps have been entered into at an amount equal to that of the underlying fixed rate bonds.

The following table summarizes interest rate swaps entered into for this purpose:

As of 31 December, 2008:

	Currency	Amount (SEK in millions)	Receive rate %	Pay rate %	Length of contract
swap................................	USD	859	6m Libor	4.85	November 2010
cap	USD	457		Strike 10	November 2012
swap................................	USD	312	3m Libor	5.03	October 2015
cap	USD	289		Strike 7	December 2015

Foreign currency risk management

The Company is exposed to the risk of fluctuations in foreign currency exchange rates due to the international nature and scope of its operations. A substantial portion of the Company's revenues and expenses are denominated in U.S. dollars, but also in GBP and EUR. The Company's foreign currency risk arises from (i) the Company's investment in foreign subsidiaries' net assets (equity exposure), (ii) certain financial assets and liabilities (translation exposure when converting such balances to each company's functional currency) and (iii) fluctuations in exchange rates on the value of the Company's sales and purchases in foreign currencies (transaction exposure).

The Company's policy is to hedge its translation exposure which mainly arises from USD borrowings in companies with SEK and EUR as their functional currency.

The Company also hedges a substantial part of its transaction exposure in USD, GBP, EUR, NOK and DKK from future cash flows from firm commitments such as charter vessel contracts as well as anticipated bunker fuel payment obligations (USD). The Company's transaction exposure mainly originates from the Ferry operations.

The following two tables summarize by major currency the contractual net amounts of the Company's forward exchange and option contracts to hedge the translation- and transaction exposures. The tables contain both forward foreign exchange contracts and currency options.

Outstanding currency hedge contracts for translation exposure—net positions

SEK million	2007 bought	2007 sold	2008 bought	2008 sold
USD		226		3,000
EUR	7,409		8,062	
GBP		1,078		1,554
DKK		961		171
NOK		1,518		294
SEK		3,476		2,962
JPY				15
Other		150		66
Total	**7,409**	**7,409**	**8,062**	**8,062**

Outstanding currency hedge contracts for transaction exposure—net positions

SEK million	2007 bought	2007 sold	2008 bought	2008 sold
USD		161	2,323	
EUR		38		957
GBP		57		979
NOK	162		70	
SEK	118			336
Other		24		121
Total	**280**	**280**	**2,393**	**2,393**

Bunker fuel risk management

The Company seeks to reduce its risk from changes in the price of bunker fuel, primarily related to the Ferry operations, through a combination of swaps and options. The vessels of the ferry operations have an annual consumption of bunker of 330,000 tons of fuel oil and 100,000 tons of gas oil which combined converts to an annual volume of about 2.8 million barrels. A substantial part of this is hedged on a consecutive basis. All contracts are settled monthly at a volume corresponding to the underlying consumption. The following table presents the notional amounts financial instruments used for fuel risk management as of 31 December each year.

Outstanding hedge contracts for bunker fuel exposure

SEK million	2007 Notional amount	2008 Notional amount
Fixed price swaps (Bought fixed, sold floating)	895	1,833
Bought call options	3,783	2,631
Bought put options	232	141
Sold call options	1,928	1,245
Sold put options	3,514	1,019

Freight rate management

The Company seeks to reduce its risk from changes in the price of tanker freight rates through the use of freight forward agreements (FFA's). The Company enters into contracts as a means to reduce or change the market exposure for chartered in tonnage. The maximum tenor of the contracts are 12 months. The following table presents the notional amounts of financial instruments used for freight rate management as of 31 December each year:

The following table presents the notional amounts of financial instruments used for freight rate management:

SEK million	2007 Notional amount	2007 Credit risk	2008 Notional amount	2008 Credit risk
OTC traded swaps	19	2	45	

Trading activities

The Company also buys and sells certain types of derivative financial instruments with the objective of generating profits on a short-term basis. Such financial instruments that are not used in the Company's program of interest rate and foreign currency risk management are referred to as 'trading' for purposes of this disclosure. All trading positions are taken within the limits of the Company's financial trading policy. All positions are recorded at fair value and the unrealized gains and losses are part of the quarterly results. A summary of the results of the Company's trading activities on derivative financial instruments is shown below.

SEK million	2007 Net gain/(loss)	2007 Notional amount	2008 Net gain/(loss)	2008 Notional amount
Foreign exchange spot and forwards	11	1,083	83	319
Currency options (net of bought and sold)	8	615	10	(56)
Interest rate instruments	(5)		(1)	
Total trading	14	1,698	92	263

Fair value of financial instruments

The table below summarizes the fair value of balance sheet items in the case where the fair value differs from the carrying value and in addition, the fair value of all financial derivative instruments. When establishing the fair value, the quoted market prices as of 31 December have been used. The fair value calculation is based on the closing price, i.e. the market value that would have been received or paid if such instrument was sold or terminated on the closing date. The fair values of financial derivatives with an effective hedge are recorded directly against shareholder's equity after deduction of tax effects.

SEK million	2007 Carrying value	2007 Fair value	2008 Carrying value	2008 Fair value
Liabilities				
Senior notes	6,012	5,354	6,622	3,183
Derivative financial instruments				
Held for trading purposes				
Interest rate derivatives				
Currency derivatives			5	5
Commodity derivatives			(222)	(222)
Held for purposes other than trading:				
Interest rate risk management	44	44	(403)	(403)
Foreign currency risk management	242	242	752	752
Bunker fuel risk management		776	(668)	(668)

Share price risk

A change of +/-10% in the market value of all our equity holdings within Short-term investments and Marketable Securities, will have an effect of +/– SEK 155 million on profit before tax and +/-SEK 50 million recognized in shareholders' equity.

Liquidity risks

Liquidity risk is managed by maintaining an adequate level of cash and cash equivalents, available financing through unutilized committed credit facilities and the possibility to sell short term marketable holdings in equities and bonds. Due to the dynamic character of the business, the need for financing flexibility is satisfied by arranging part of the company's funding in the form of committed Revolving Credit Facilities, under which short term requirements for liquidity can be met.

The management regularly monitors the company's liquidity reserves, based on anticipated cash flows. This is carried out on both operational company level and centrally at the treasury department in line with the limits set up for on a group wide basis. Further, it is the policy of the group to calculate future cash flows in all major currencies and quantify the liquidity needed to meet those cash flows, to monitor balance sheet liquidity ratios in relation to both internal and external minimum levels and to maintain plans for debt financing.

The table below shows the group's financial debts and the net market value of derivatives classified as financial short term debt, sorted by the remaining years until the agreed maturity date. The figures shown in the table are based on agreed confirmations and constitute undiscounted cash flows. Cash flows in foreign currency is converted to SEK by using the closing exchange rates.

As per 31 december 2008	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Not specified
Property loans	327	568	1,548	11,043	
Other bankloans	660	2,272	3,107	10,003	287
Revolving Credit Facility					5,843
Other credit facilities	402				

As per 31 december 2008	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Not specified
Financial leasing debt	135	615	410	966	
Trade accounts payable.....................	1,220				

Property loans consists principally of bank mortgage loans on real estate, buildings and land in the Company's real estate business segment. These loans are denominated in SEK and EUR and with maturities through 2013 and beyond. Other loans consist of long term bank loans used to finance the acquisition of vessels and other assets. They are denominated in USD, GBP, EUR and SEK and with maturities through 2013 and beyond.

The Company has a revolving credit facility of $1 billion. The facility was renegotiated in January 2006 and expires in January 2013. Obligations under the facility are secured mainly by mortgages on certain vessels and rigs. Borrowings under the facility bear interest at a rate based on LIBOR plus an applicable margin based on the utilization of the facility. The facility imposes certain covenants regarding levels of working capital, cash and cash equivalents and interest coverage ratio. As of 31 December, 2008, the utilized portion of the facility was USD 676 million, of which USD 658 million was actually drawn and USD 18 million used for issuing of bank guarantees. As of 31 December, 2007, the utilized portion of the facility was USD 596 million, of which USD 575 million was actually drawn and USD 21 million used for issuing of bank guarantees. As of 2007 the Company has an additional revolving credit facility of USD 350 million and the utilized portion of the facility as of 31 December, 2008, was USD 90 million. As of 31 December, 2007, the utilized portion of the facility was USD 109 million. As of 31 December, 2008 the Company had SEK 1,748 million in other unutilized, mainly uncommitted, overdraft facilities and other similar lines of credit, as compared to SEK 875 million as of 31 December, 2007.

"Not specified" includes borrowings and utilized credit lines for properties and vessels that have formal repayment dates in 2009. These loans have been classified as long-term because it is the intention of the Company to refinance these loans on a long-term basis. "Not specified" also includes the utilized portion of the Revolving Credit Facilities.

34 Personnel

The following table presents the average number of employees of the Company:

	2007		200	
	Total	No. of females	Total	No. o females
Parent Company:				
Board, CEO, Executive vice president	2		2	
Other employees	22	11	25	13
Subsidiaries in Sweden..	4,106	1,762	4,460	1,879
Total Sweden	**4,130**	**1,773**	**4,487**	**1,892**
Subsidiaries outside of Sweden:				
Great Britain	1,684	474	1,764	502
The Netherlands..	732	117	759	118
Denmark..	182	112	585	237
Ireland	90	33	82	31
Norway	91	57	92	41

	2007		200	
	Total	No. of females	Total	No. o femal
Poland	59	39	62	41
Switzerland	6	1	7	1
Spain	152	34	150	25
Portugal	12	3	12	3
France	4	1	8	3
Luxembourg	7	1	13	2
Russia	3	1	2	1
China	71	16	86	17
Singapore	18	4	40	12
Korea	43	10	75	8
United States	26	7	29	7
India	81	47	89	35
United Arab Emirates	26	5	48	8
Other	8	1	6	3
Ship borne employees	1,094	11	1,345	3
Total outside of Sweden	**4,389**	**974**	**5,254**	**1,098**
Total group	**8,519**	**2,747**	**9,741**	**2,990**

Shipborne employees refers to drilling and shipping activities, which are performed world wide. For Ferry operations (Stena Line), such persons have been allocated by country. The total number of shipborne employees in Stena Line in 2008 was 3,836 as compared to 3,706 in 2007.

The following tables present the wages, salaries and other remuneration of the employees of the Company:

	2007			2008		
SEK million	**Board and CEO**	**Other employees**	**Total**	**Board and CEO**	**Other employees**	**Total**
Parent company	8	29	37	8	35	43
Subsidiaries in Sweden	41	1,145	1,186	49	1,315	1,364
Total Sweden	**49**	**1,174**	**1,223**	**57**	**1,350**	**1,407**
Subsidiaries outside of Sweden:						
Great Britain	17	650	667	28	724	752
The Netherlands	5	262	267	5	269	274

SEK million	Board and CEO	Other employees	2007 Total	Board and CEO	Other employees	2008 Total
Denmark	2	78	80	7	229	236
Ireland		36	36		37	37
Norway	1	56	57	1	53	54
Poland	1	10	11	1	12	13
Switzerland	6	2	8	7	2	9
Spain	2	45	47	2	48	50
Portugal		2	2		3	3
France		3	3		4	4
Luxembourg	4	8	12	4	18	22
Russia		1	1		3	3
China	2	12	14	3	14	17
Singapore	1	3	4	4	14	18
Korea	1	11	12	2	22	24
United States	3	22	25	6	31	37
India		5	5	1	4	5
United Arab Emirates	7		7	3	19	22
Other		5	5		3	3
Ship borne employees		672	672		784	784
Total outside of Sweden	**52**	**1,883**	**1,935**	**74**	**2,293**	**2,367**
Total group	**101**	**3,057**	**3,158**	**131**	**3,643**	**3,774**

Total personnel costs SEK million	Parent company	Subsidiaries	2007 Total	Parent company	Subsidiaries	2008 Total
Wages, salaries and other remuneration	37	3,121	3,158	43	3,731	3,774
Pension costs	12	307	319	13	309	322
Other social charges	14	402	416	16	455	471
Total	**63**	**3,830**	**3,893**	**72**	**4,495**	**4,567**

For Swedish-flagged vessels employed in international shipping activities, the Company has received subsidies equal to all social security costs and income taxes payable by the employers on behalf of employees who work on board such vessels. The amount of the subsidies in 2008 was SEK 456 million, out of which SEK 427 million related to the ferry operations. In 2007, the amount of the subsidy was SEK 462 million, out of which SEK 430 million related to the ferry operations. The amounts received have reduced personnel costs.

Remuneration of Chief Executives

Salaries of SEK 9 million were paid to the Chief Executive Officer and the Executive Vice President in 2008 and SEK 10 million in 2007. The corresponding pension charges amounted to SEK 7 million in 2008 and SEK 6 million in 2007. The aggregate compensation paid by the Stena AB to its directors (a total of ten persons) amounted to SEK 11 million in 2008 and SEK 13 million in 2007. Of total salaries paid to other employees SEK 37 million were paid to other officers than the Chief Executive Officer, the Executive Vice President and the board members in 2008 (a total of seven persons) and SEK 33 million in 2007.

The Chief Executive Officer and the Executive Vice President have retirement conditions allowing retirement from 60 years of age with a salary of 65% of the salary then valid. The period of notice for the Company is 12 and 24 months, respectively. Severance pay amounts to a maximum of 24 months salary. The board members of Stena AB were paid SEK 220,000 in 2008, out of which SEK 40,000 was paid to the Chairman of the Board and SEK 20,000 was paid to each of the Chief Executive Officer and the Executive Vice President. In 2007, the board members of Stena AB were paid SEK 180,000, out of which SEK 40,000 was paid to the Chairman of the Board and SEK 20,000 was paid to each of the Chief Executive Officer and the Executive Vice President.

The Chairman of the Board has invoiced SEK 2,769,000 and SEK 475,000 for consultations for the years 2008 and 2007, respectively.

Women comprised 20% in 2008 compared to 22% in 2007 of the total number of Board members. Of chief directors other than the Chief Executive Officer, the Executive Vice President and the board members women comprised 11% for 2008 and 2007.

35 Related Party Transactions

The Company has entered into various transactions with other companies in the Stena Sphere, which includes the companies wholly owned by the Olsson family in Sweden, Stena Sessan AB (“Sessan”) and Stena Metall AB (“Stena Metall”) and their subsidiaries. Another significant company within the Stena Sphere is Concordia Maritime AB (“Concordia”) which is 52% owned by Sessan. Shares in Concordia are listed on Nasdaq OMX Stockholm. The significant transactions between the Company and its affiliates are described below.

Concordia

Concordia and the Company through Stena Bulk AB (“Stena Bulk”), a wholly owned subsidiary of the Company, are parties to an allocation agreement (the “Allocation Agreement”) pursuant to which Concordia may elect to participate 100%, 50% or 0% in business opportunities identified by Stena Bulk relating to the chartering of crude oil tankers. No agreements were made in 2008 or 2007. The net outcome of the agreement including results on forward contracts was SEK 0 million in 2008 and SEK 0 million in 2007.

The Company provides certain services to Concordia such as administration, marketing, insurance, technical support and commercial management for Concordia’s owned and chartered vessels, including administration of jointly chartered vessels, office and office services for Concordia’s personnel and certain financial and other services. The Company earned fees equal to SEK 25 million and SEK 25 million in 2008 and 2007 respectively, for these services.

Sessan

Since June 1999, the Company has served as the business manager for Sessan for its 50% participation in a Norwegian partnership that owns the shuttle tanker *Stena Sirita* that is chartered pursuant to a 10-year contract to ESSO in Norway. In 2003, the Company also became the business manager for Sessan for its 50% participation in the shuttle tanker *Stena Spirit* that is chartered pursuant to a 15-year contract to Petrobas in Brazil. The Company earned total fees of SEK 2.7 million for the years 2008 and 2007 for these services.

In 2001 and 2002, Sessan acquired all shares in the shipping company HH Ferries in the south of Sweden. The acquisition was partly financed by an interest bearing credit facility from the Company. As of 31 December, 2007, DKK 219 million was outstanding under this facility. In October 2008, HH Ferries was acquired by Stena Line. The purchase price was SEK 61 million and at the same time the loan was repaid.

In December 2002, the Company sold to Sessan the remaining 50% of the RoPax vessel *Stena Jutlandica*. Sessan acquired the first 50% of this vessel from the Company in 1996. The vessel is chartered back as an operating lease, for which the Company paid charter hire of SEK 59 million for the year 2008 and SEK 59 million for the year 2007.

Sessan has invested in shares in the Swedish company Meda AB ("Meda"). In 2008 there was a new share issue to an amount of SEK 1,511 million in Meda and Stena AB guaranteed the new share issue through a guarantee commitment. The new share issue was oversubscribed and Stena AB did not need to fulfil the commitment. However, Stena Investment Cyprus acquired 11,191,939 shares (3.7% of the votes) in Meda for an amount of SEK 392 million. Stena Sessan has an option to acquire the shares to a price from SEK 38.50 per share as the lowest.

Stena Metall

The Company purchases a substantial part of its bunker fuel from Stena Metall. Such purchases aggregated SEK 3,012 million and SEK 1,781 million in 2008 and 2007, respectively.

During 2007 two vessels, *Stena Carrier* and *Mont Ventoux*, were sold to Stena Metall at market value and chartered back as operational leases.

At 19 December, 2008, Stena Rederi AB ("Stena Rederi") acquired the owning companies of the vessels *Stena Nordica, Stena Carrier, Stena Freighter* and *Stena Mont Venoux* from Stena Metall. The companies were acquired at a total market value of SEK 1,443 million. After the acquisition Stena Rederi has a long-term liability of SEK 682 million to Stena Metall. The loan bears interest at a market rate and is due 31 August, 2010. At the same time of the acquisition Stena Rederi has taken over the bank loans amounting to SEK 761 million for the acquired owning companies.

The Company paid charter hire for vessels to Stena Metall at an amount of SEK 139 million for 2008 and of SEK 89 million for 2007.

The Company provides management and other services to Stena Metall. The Company received SEK 1 million in each of the years 2008 and 2007 for these services.

Olsson Family

The Company rents office space from members of the Olsson family. In 2008 and 2007, the Company paid SEK 45 million and SEK 40 million, respectively, in respect of such properties.

The Company manages certain properties owned by members of the Olsson family. In 2008 and 2007, members of the Olsson family paid the Company SEK 12 million, for such management services.

The Company has agreed to pay Sten A. Olsson and Dan Sten Olsson an annual indexed retirement benefit for life.

36 Reporting in accordance with IFRS as from 2008

The Stena AB Group's financial reporting through 2007 were prepared in accordance with generally accepted accounting principles in Sweden (Swedish GAAP). Effective from 1 January, 2008 Stena prepares its financial reports in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) as issued by the IASB.

Effective from 1 January, 2008 the parent company prepares its financial reports in accordance with RFR 2, Accounting for legal entities. Due to the nature of the company's operation the transition has not had any significant impact.

Stena AB (publ.) has since 1995 issued Senior Notes in the U.S. As a result, the Group files an annual report with the SEC. In accordance with the Swedish and American rules, companies that change accounting principles into IFRS have to report one comparative year. This means that the opening balance is 1 January, 2007.

The below presentation is focused on the areas where Stena AB Group's current accounting principles are affected by the implementation of IFRS. The most significant areas are further explained in the opening balance as of 1 January, 2007 and the restatement of balance sheet and income statement for the year ended 2007.

Restatements and transition effects, First-time adoption of International Financial Reporting Standards (IFRS 1)

In accordance with IFRS's transitions rules, (IFRS 1) restatement of previous periods have been made. The general rule is that restatement of the financial reporting for the periods after the transition date should be made as if IFRS has been applied historically. There are, however, certain exemptions from the general rule of which Stena has chosen. These exemptions are further described in the accounting principles;

- Non-amortization of intangible assets with indefinite useful lives
- Post Employee benefits
- Cumulative translation differences

Significant changes in accounting principles, which has an impact on the Group's financial reports

Minority interests

In accordance with IAS 27, minority interests are presented as a separate component of shareholders' equity and is included in the net income of the year in the income statement.

Non-amortization of intangible assets with indefinite useful lives

According to Swedish GAAP, all intangible assets have been amortized over their estimated useful lives. In accordance with IFRS, intangible assets which are considered to have indefinite useful lives have not been amortized. These kind of assets are tested annually for impairment. Stena AB Group has chosen not to apply IFRS 3, Business Combinations retrospectively according to the IFRS transition rules. Stena AB Group has decided that intangible assets with indefinite useful lives should include only goodwill which is why amortization charged to the income statement under Swedish GAAP for the period 1 January, 2007 and for the year 2007 are reversed and added back to the carrying value of goodwill.

Post Employee benefits

In accordance with IFRS 1, transition rules, actuarial gains and losses arising prior to 1 January, 2007 could be set to zero and charged to equity. Stena AB Group has applied this rule to all pension plans in the opening balance as of 1 January, 2007.

Financial Instruments

In accordance with the Swedish Annual Accounts Act, it is possible to account for financial instruments at fair value so there are only a few adjustments which are made in accordance with IFRS. The bunker hedges have previously not been accounted for in accordance with Swedish GAAP i.e. they have been treated as off-balance items. The Group applies hedge accounting for effective contracts so these are accounted for through equity according to IFRS. For foreign exchange hedges, hedge accounting is not applied why these results are reported through Income Statement according to IFRS.

Properties

At the date of transition to IFRS, Properties are accounted at fair value in accordance with IAS 40, Investment properties, fair value adjustments are reported as other income and expenses and repair and maintenance cost according to plan should be reversed and reported as capitalized expenses. No depreciations are made on Properties. The properties are tested annually for impairment. Depreciations for the period 1 January, 2007 and for the year 2007 have been added back to the carrying value. Impairment tests have been made as of 1 January, 2007 and 31 December, 2007.

Net gain sale of assets

Sale of assets is not the core business so this sale is reported net as other income in accordance with IAS 18, Revenues.

Cumulative translation differences

IFRS 1 provides an option how to treat the effects of Changes in Foreign Exchange Rates. A first time adopter can set the cumulative translation difference to zero for foreign operations and this option has been applied in the Stena AB Group for the opening balance 1 January, 2007.

Definition of liquid funds in the consolidated cash flow statements

The definition of liquid funds in the Stena AB Group's consolidated cash flow statements is identical to the definition in IAS 7, Cash flow statements. Liquid funds consist of cash, bank assets and short term investments which can be converted to cash within 90 days.

Restated Consolidated Balance sheets

SEK million	Note	Swedish GAAP 1 January, 2007	IFRS adjustments	IFRS 1 January, 2007	Swedish GAAP 31 December, 2007	IFRS adjustments	IFRS 31 December, 2007
Assets							
Intangible assets........	a	688	41	729	620	70	690
Vessels, buildings and equipment	b	18,058	95	18,153	23,245	102	23,347
Property	c, k	16,453	4,872	21,325	16,995	5,560	22,555
Investments in affiliated companies		397		397	1,403		1,403
Investments in SPE's.		7,341		7,341	9,251		9,251
Marketable securities.		5,802		5,802	7,674		7,674
Other non current assets	d, g, h	3,520	815	4,335	5,474	(39)	5,435
Total fixed assets		**52,259**	**5,823**	**58,082**	**64,662**	**5,693**	**70,355**
Inventories.................		317		317	418		418
Trade debtors............		2,007		2,007	2,670		2,670
Other receivables	d, g	1,617	(72)	1,545	2,444	753	3,197
Prepaid expenses and accrued income.................	b	871	(95)	776	1,098	(102)	996
Total short-term receivables		**4,812**	**(167)**	**4,645**	**6,630**	**651**	**7,281**
Short-term investments........		**2,462**		**2,462**	**3,180**		**3,180**
Cash and cash equivalents.........		**884**		**884**	**708**		**708**
Total assets		**60,417**	**5,656**	**66,073**	**75,180**	**6,344**	**81,524**
Shareholders' Equity and Liabilities							
Share Capital.............		5		5	5		5
Reserves...................		1,743	(263)	1,480	2,457	(842)	1,615

SEK million	Note	Swedish GAAP 1 January, 2007	IFRS adjustments	IFRS 1 January, 2007	Swedish GAAP 31 December, 2007	IFRS adjustments	IFRS 31 December, 2007
Retained earnings		12,500	4,621	17,121	15,455	5,311	20,766
Net income		4,339		4,339	3,389	440	3,829
Minority interest	f	162		162	171		171
Total shareholders' equity	**e**	**18,749**	**4,358**	**23,107**	**21,477**	**4,909**	**26,386**
Non-current liabilities							
Long-term debt	g	18,427		18,427	23,335	(23)	23,312
Debt in SPE's		6,302		6,302	8,021		8,021
Senior Notes	g	2,905	(17)	2,888	6,012	(39)	5,973
Capitalized lease obligations		1,246		1,246	2,307		2,307
Other noncurrent liabilities		932		932	886		886
Provisions for Pension	h	2,205	(411)	1,794	1,886	(411)	1,475
Other provisions		1,668		1,668	2,713		2,713
Deferred income taxes	i	1,709	1,737	3,446	2,219	1,908	4,127
Total noncurrent liabilities		**35,394**	**1,309**	**36,703**	**47,379**	**1,435**	**48,814**

SEK million	Note	Swedish GAAP 1 January, 2007	IFRS adjustments	IFRS 1 January, 2007	Swedish GAAP 31 December, 2007	IFRS adjustments	IFRS 31 December, 2007
Short-term debt.....		642		642	985		985
Senior Notes.........		1,211	(12)	1,199			
Capitalized lease obligations........		38		38	154		154
Trade accounts payable		1,036		1,036	1,113		1,113
Income tax payable		166		166	116		116
Other		424		424	599		599
Accrued costs and prepaid income.		2,757		2,757	3,357		3,357
Total current liabilities..........		**6,274**	**(12)**	**6,262**	**6,324**		**6,324**

SEK million	Note	Swedish GAAP 1 January, 2007	IFRS adjustments	IFRS 1 January, 2007	Swedish GAAP 31 December, 2007	IFRS adjustments	IFRS 31 December, 2007
Total liabilities.....		**41,668**	**1,285**	**42,953**	**53,703**	**1,435**	**55,138**
Total shareholders' equity and liabilities..........		**60,417**	**5,656**	**66,072**	**75,180**	**6,344**	**81,524**

Restated Consolidated Income statements

SEK million	Note	Swedish 31 December, 2007	Adjustments	IFRS 2007
Revenues	j	22,005	(350)	21,655
Other income	c, j	48	747	795
Total direct operating expenses	k	(15,820)	93	(15,727)
Selling and administration expenses	a, l	(2,363)	216	(2,147)
Other operating expenses		(117)		(117)
Share of affiliated companies' results		(61)		(61)
Income from operations		**3,692**	**706**	**4,398**
Gain (loss) on securities, net		1,141		1,141
Interest income		945		945
Interest expense	m	(1,878)	(145)	(2,023)
Total financial income and expenses		**208**	**(145)**	**63**
Minority interest		(21)	21	0
Income before taxes		**3,879**	**582**	**4,461**
Income taxes		(490)	(142)	(632)
Net income		**3,389**	**440**	**3,829**
Minority Interests			(21)	(21)
Net income after minority interest		**3,389**	**419**	**3,808**

Notes:

a In accordance with IFRS 3, Business Combinations, intangible assets are divided in two categories; those with definite useful life and those with indefinite useful life. Goodwill is in accordance with IAS 38, Intangible assets, an asset with indefinite useful life so amortizations should not be applied. Goodwill is tested annually for impairment. The restatements and transition effects attributable to this accounting change therefore result in reversal of goodwill amortization charged to the income statement for the period 1 January, 2007 to 31 December, 2007. Amortization of goodwill was as of 1 January, 2007, SEK 41 million and for 31 December, 2007, SEK 70 million which has been reversed and therefore increased the carrying amount.

b Adjustments of capitalized expenses related to periodic repair and maintenance of vessels and rigs i.e. dry-docking. These expenses have been capitalized during different periods and therefore there is an adjustment between prepaid expenses and fixed assets, vessels.

c Properties are reported at fair value from date of transition 1 January, 2008. In accordance with current accounting principles, properties have been reported at net book value and the effects attributable to this accounting change is as of 1 January, 2007, SEK 4,872 million and for 31 December, 2007, SEK 5,560 million. The changes in fair value are reported as other income and the impact during 2007 is SEK 397 million.

d At date of transition into IFRS, the bunker fuel hedges have been reported at fair value and the total impact is SEK 771 million as of 1 January, 2007 and SEK 776 million for 31 December, 2007.

e Reconciliation of shareholders' equity

Specification of changes in equity, net after tax, according to IFRS:

Group	1 January, 2007	31 December, 2007
Goodwill	41	70
Pensions	288	288
Bunker fuel hedge	579	582
Property at fair value	3,450	4,005
Translation reserve	(842)	(842)
Retained earnings	842	842
Interest hedges		(36)
Total adjustments on shareholders' equity	**4,358**	**4,909**

f In accordance with Swedish GAAP, the minority interests are reported after shareholders' equity but in accordance with IFRS the minority is a component of the shareholder's equity.

g Adjustment regarding capitalized borrowing costs which, in accordance with IAS 23, Borrowing Costs, should be reported together with the loan to which it relates.

h Adjustment of defined benefit plans, which means that actuarial gains and losses could be set to zero in the opening balance as of 1 January, 2007. This principle is applied on all defined benefit plans.

i Specification of deferred taxes

The impact on deferred taxes according to IFRS. The effective tax rate is on average 28%.

Group	1 January, 2007	31 December, 2007
Pensions	123	123
Bunker fuel hedge	193	194
Property at fair value	1,421	1,555
Interest hedges		36
	1,737	**1,908**

j Adjustment regarding sale of fixed assets between revenues and other income as of 31 December, 2007. The sale of fixed assets were vessels SEK 253 million and properties SEK 97 million.

k Adjustment in accordance with IAS 40 regarding capitalization of repair and maintenance in according to plan.

l Reversal of amortization and depreciation related to goodwill and properties.

m Hedge accounting is not applied for foreign exchange hedges which is why these are reported through the income statement.

Stena AB and consolidated subsidiaries
Condensed consolidated income statements (unaudited)

	Twelve month periods ended		
	December 31, 2008	December 31, 2009	
	SEK	SEK	USD
	(in millions)		
Revenues:			
Ferry operations	10,309	9,599	1,335
Drilling	6,087	8,112	1,129
Shipping	4,171	3,088	429
Property	2,085	2,335	325
New Businesses Adactum	3,694	4,797	667
Other	48	3	0
Total revenues	26,394	27,934	3,885
Other Income:			
Net valuation on investment properties	(294)	(301)	(42)
Net gain on sale of assets	372	179	25
Total Other Income	78	(122)	(17)
Direct operating expenses:			
Ferry operations	(7,483)	(7,033)	(978)
Drilling	(2,258)	(2,722)	(379)
Shipping	(3,329)	(3,124)	(434)
Property	(739)	(804)	(112)
New Businesses Adactum	(2,858)	(3,476)	(483)
Other	(12)	(29)	(4)
Total direct operating expenses	(16,679)	(17,188)	(2,390)
Selling and administrative expenses	(2,920)	(3,207)	(446)
Depreciation and amortization	(2,501)	(3,415)	(475)
Total operating expenses	(22,100)	(23,810)	(3,311)
Income from operations	4,372	4,002	557

	Twelve month periods ended		
	December 31, 2008	December 31, 2009	
	SEK	SEK	USD
	(in millions)		
Financial income and expense:			
Share of affiliated companies results	(80)	24	3
Dividends received	285	61	8
Gain (loss) on securities, net	(1,785)	(81)	(11)
Interest income	957	685	95
Interest expense	(2,260)	(1,864)	(259)
Foreign exchange gains (losses), net	582	(282)	(39)
Other financial income (expense), net	(693)	(201)	(28)
Total financial income and expense	(2,994)	(1,658)	(231)
Income before taxes	1,378	2,344	326
Income taxes	367	20	3
Net income	1,745	2,364	329
Earnings attributable to:			
Equity holders of the Parent Company	1,752	2,401	334
Minority interests	(7)	(37)	(5)
Net Income	1,745	2,364	329

The accompanying notes form an integral part of these Condensed Consolidated Financial Statements.

Stena AB and consolidated subsidiaries

Condensed consolidated statements of comprehensive income (unaudited)

	Twelve month period ended	
	December 31, 2008	December 31, 2009
	SEK	SEK
	(in millions)	
Result for the period	**1,745**	**2,364**
Other comprehensive income		
Fair value gains on available-for-sale financial assets, net of tax	(2,077)	939
Cash flow hedges, net of tax	(1,328)	626
Currency translation differences	3,192	(2,097)
Equity hedge, net of tax	(201)	107
Total comprehensive income for the period	**1,331**	**1,939**
Total comprehensive income attributable to:		
—owners of the company	1,302	1,995
—minority interest	29	(56)
Total comprehensive income for the period	**1,331**	**1,939**

The accompanying notes form an integral part of these Condensed Consolidated Financial Statements.

Stena AB and consolidated subsidiaries
Condensed consolidated balance sheets (unaudited)

	December 31, 2008	December 31, 2009	
	SEK	SEK	USD
	(in millions)		
ASSETS			
Noncurrent assets:			
Intangible assets	3,038	2,789	338
Tangible fixed assets:			
Vessels	24,391	27,257	3,791
Construction in progress	7,555	5,649	786
Equipment	1,373	2,182	303
Ports	946	915	127
Buildings and land	898	901	126
Total tangible fixed assets	35,163	36,904	5,133
Property	23,320	24,040	3,344
Financial fixed assets:			
Investment in affiliated companies	932	1,115	155
Investment in SPSs	9,973	8,174	1,137
Marketable securities	2,650	2,211	308
Other assets	5,771	4,655	648
Total financial fixed assets	19,326	16,155	2,248
Total noncurrent assets	80,847	79,888	11,113
Current assets:			
Inventories	675	615	85
Trade debtors	3,649	3,284	457
Other receivables	3,532	1,721	239
Prepaid expenses and accrued income	1,694	1,820	253
Short-term investments	5,093	3,694	514
Cash and cash equivalents	1,431	1,183	165
Fixed assets held for sale	488	—	—
Total current assets	16,522	12,317	1,713
Total assets	97,369	92,205	12,826

SHAREHOLDERS' EQUITY AND LIABILITIES

	December 31, 2008	December 31, 2009	
	SEK	SEK	USD
	(in millions)		
Shareholders' equity:			
Share Capital	5	5	1
Reserves	1,172	780	108
Retained earnings	24,165	25,723	3,578
Net income	1,745	2,364	329
Minority interests	367	311	43
Total shareholders' equity	27,454	29,183	4,059
Noncurrent liabilities:			
Long-term debt	34,671	31,485	4,380
Debt in SPEs	9,492	8,249	1,147
Senior notes	6,622	6,147	855
Capitalized lease obligations	1,991	1,908	265
Other noncurrent liabilities	1,972	1,163	163
Other interest bearing debt	682	—	—
Pension liabilities	1,267	1,122	156
Other provisions	2,029	1,920	267
Deferred income taxes	3,571	3,646	507
Total noncurrent liabilities	62,297	55,640	7,740
Current liabilities:			
Short-term debt	1,389	1,541	214
Capitalized lease obligations	135	135	19
Other interest bearing debt	—	682	95
Trade accounts payable	1,220	1,311	182
Income tax payable	79	150	21
Other current liabilities	1,951	1,329	185
Accrued costs and prepaid income	2,844	2,234	311
Total current liabilities	7,618	7,382	1,027
Total shareholders' equity and liabilities	97,369	92,205	12,826

The accompanying notes form an integral part of these Condensed Consolidated Financial Statements.

Stena AB and consolidated subsidiaries
Condensed consolidated statements of cash flows (unaudited)

	Twelve month period ended		
	December 31, 2008	December 31, 2009	
	SEK	SEK	$
	(in millions)		
Net cash flows from operating activities:			
Net income	1,745	2,364	329
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	2,501	3,415	475
Net valuation of investment properties	294	301	42
Gain on sale of assets	(372)	(179)	(25)
Loss on securities, net	1,785	81	11
Unrealized foreign exchange losses	79	148	21
Deferred income taxes	(620)	(230)	(32)
Provision for pensions	(233)	(190)	(26)
Net cash flows from trading securities	565	(35)	(5)
Share of affiliated companies results	80	(24)	(3)
Dividend from affiliated companies	38	—	—
Other non cash items	(74)	311	43
Receivables	(80)	2,829	394
Prepaid expenses and accrued income	(514)	(294)	(41)
Inventories	(355)	467	65
Trade accounts payable	(155)	127	18
Accrued costs and prepaid income	26	(855)	(119)
Income tax payable	(55)	76	11
Other current liabilities	726	(1,228)	(171)
Net cash provided by operating activities	5,381	7,084	986
Net cash flows from investing activities:			
Purchase of intangible assets	(54)	(61)	(8)
Cash proceeds from sale of property, vessels and equipment	1,560	469	65
Capital expenditure on property, vessels and equipment	(9,642)	(9,169)	(1,275)
Purchase of subsidiaries, net of cash acquired	(605)	—	—
Investment in affiliated companies	(402)	(162)	(22)

	Twelve month period ended		
	December 31, 2008	December 31, 2009	
	SEK	SEK	$
	(in millions)		
Proceeds from sale of securities	7,353	5,040	701
Purchase of securities	(4,744)	(2,709)	(377)
Increase of noncurrent assets	(1,272)	(119)	(17)
Decrease of noncurrent assets	424	341	47
Other investing activities	(15)	(86)	(12)
Net cash used in investing activities	(7,397)	(6,456)	(898)
Net cash flows from financing activities:			
Proceeds from issuance of debt	9,827	4,795	667
Principal payments on debt	(3,631)	(2,006)	(279)
Net change in borrowings on line-of-credit agreements	(188)	(4,483)	(623)
Proceeds from new capitalized lease obligations	46	1	0
Principal payments on capital lease obligations	(687)	(184)	(26)
Net change in restricted cash accounts	(2,896)	1,100	153
Dividend paid	(390)	(190)	(26)
Other financing activities	633	60	8
Net cash provided by/used in financing activities	2,714	(907)	(126)
Effect of exchange rate changes on cash and cash equivalents	25	31	4
Net change in cash and cash equivalents	723	(248)	(34)
Cash and cash equivalents at beginning of period	708	1,431	199
Cash and cash equivalents at end of period	1,431	1,183	165

The accompanying notes form an integral part of these Condensed Consolidated Financial Statements.

Stena AB and consolidated subsidiaries
Consolidated statements of changes in shareholders' equity
(unaudited)

	Attributable to equity holders of the company					
(SEK in millions)	Share Capital	Reserves	Retained earnings incl. Net Income	Total	Minority interest	Total Equity
Closing balance as of December 31, 2007	**5**	**1,636**	**24,574**	**26,215**	**171**	**26,386**
Acquired subsidiary					167	**167**
Exchange differences arising on the translation of foreign operations, net of tax		3,156		**3,156**	36	**3,192**
Change in Hedging reserve, net of tax:						
—bunker hedge		(1,189)		**(1,189)**		**(1,189)**
—interest swap hedge		(139)		**(139)**		**(139)**
Change in fair value reserve, net of tax		(2,077)		**(2,077)**		**(2,077)**
Change in net investment hedge, net of tax		(201)		**(201)**		**(201)**
		(450)		**(450)**	**203**	**(247)**
Net income			1,752	**1,752**	(7)	**1,745**
		(450)	**1,752**	**1,302**	**196**	**1,498**
Dividend			(390)	**(390)**		**(390)**
Transfer to charity trust			(40)	**(40)**		**(40)**
Closing balance as of December 31, 2008	**5**	**1,186**	**25,896**	**27,087**	**367**	**27,454**
Exchange differences arising on the translation of foreign operations, net of tax		(2,079)		**(2,079)**	(19)	**(2,098)**
Change in Hedging reserve, net of tax						
—bunker hedge		585		**585**		**585**
—interest swap hedge		41		**41**		**41**
Change in fair value reserve, net of tax		939		**939**		**939**
Change in net investment hedge, net of		107		**107**		**107**

	Attributable to equity holders of the company					
(SEK in millions)	Share Capital	Reserves	Retained earnings incl. Net Income	Total	Minority interest	Total Equity
tax						
		(406)		**(406)**	**(19)**	**(425)**
Net income			2,401	**2,401**	(37)	**2,364**
		(406)	**2,401**	**1,995**	**(56)**	**1,939**
Dividend			(190)	**(190)**		**(190)**
Transfer to charity trust			(20)	**(20)**		**(20)**
Closing balance as of December 31, 2009	**5**	**780**	**28,087**	**28,872**	**311**	**29,183**

The accompanying notes form an integral part of these Condensed Consolidated Financial Statements.

Stena AB and consolidated subsidiaries
Notes to condensed consolidated financial statements (unaudited)

Note 1 Basis of presentation

The accompanying condensed consolidated financial statements present the financial position and results of operations of Stena AB (publ) and its subsidiaries (the "Company") and have been extracted from a report and prepared in accordance with IAS 34, "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended December 31, 2008, which have been prepared in accordance with IFRS ("International Financial Reporting Standards"), as issued by the International Accounting Standards Board and as adopted by the EU.

The interim financial information included in the condensed consolidated financial statements is unaudited, but reflects all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of the results for the interim periods presented.

The financial reports are presented in Swedish kronas ("SEK"), which is the functional currency of the Company. Unless otherwise indicated, all amounts are rounded off to the nearest million. Figures in the reports are based on a consolidation system in SEK thousands. By rounding the numbers in tables, totals may not always equal the sum of the included rounded numbers.

Solely for the convenience of the reader, the condensed financial statements for the most recent period have been translated into U.S. dollars ("$") using the noon buying rate on December 31, 2009, of $1 = SEK 7.1890.

Note 2 Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended December 31, 2008, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following revised standard is mandatory for the first time for the financial year beginning January 1, 2009.

— IAS 1 (revised), "Presentation of financial statements". The revised standard prohibits the presentation of items of income and expenses (that is "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity. All "non-owner changes in equity" are required to be shown in a performance statement.

Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

The Company has elected to present two statements: an income statement and a statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.

Other new statements with implementation beginning in 2009 have either been implemented prior to 2009 or have no effect on the consolidated financial reports of Stena AB.

Note 3 Segment information

(SEK in millions)	Twelve month periods ended December 31,	
	2008	**2009**
Income from operations:		
Ferry operations	781	445
Impairment charges	(63)	—

(SEK in millions)	Twelve month periods ended December 31, 2008	2009
Total ferry operations	718	445
Drilling	2,388	3,250
Shipping: Roll-on/Roll-off vessels	104	102
Crude oil tankers	135	(736)
Other shipping	16	7
Impairment charges	(85)	(150)
Net gain on sale of vessels	203	148
Total shipping	373	(629)
Property	1,163	1,338
Net gain on sale of properties	169	31
Net valuations on investment properties	(294)	(301)
Total property	1,038	1,068
New Businesses Adactum	107	178
Other	(252)	(310)
Total	4,372	4,002

	Twelve month periods ended December 31, 2008	2009
Depreciation and amortization:		
Ferry operations	1,064	1,119
Drilling	1,016	1,665
Shipping: Roll-on/Roll-off vessels	107	141
Crude oil tankers	167	247
Other shipping	13	12
Total shipping	287	400
Property	—	2
New Businesses, Adactum	125	219
Other	9	10
Total	2,501	3,415

	Twelve month periods ended December 31,	
	2008	**2009**
Capital expenditures:		
Ferry operations	2,880	2,217
Drilling	4,777	5,393
Shipping: Roll-on/Roll-off vessels	257	12
Crude oil tankers	1,353	115
Other shipping	1	2
Total shipping	1,611	129
Property	1,357	1,281
New Businesses Adactum	408	127
Other	9	22
Total	11,042	9,169

Note 4 Related party transactions

There have been no new transactions between related parties other than described in the Note 35 in the 20-F for the financial year ended December 31, 2008 or described in Note 5 below.

Note 5 Significant transactions in the twelve months of 2009

During 2008, we invested in the Weavering Capital Macro Fixed Income fund. On March 11, 2009, the British hedge fund company Weavering Capital UK decided to close its Macro Fixed Income fund due to liquidity problems. The auditing firm PricewaterhouseCoopers has been appointed as liquidators of the fund. We do not expect to be able to recoup this investment. Accordingly, our entire investment of $10 million was written down in March 2009.

In May 2009, we sold our shares in Meda for SEK 598 million. Stena Sessan's option to acquire the shares was settled for a cash payment of SEK 165 million to Sessan.

In June 2009, we sold the vessels Stena Discovery and Stena Transporter for an aggregate gain of SEK 148 million.

Stena Forth, the third DrillMax vessel, was delivered by the Samsung shipyard on August 13, 2009, and commenced a five-year charter to Hess. In August 2009, the financial lease for Stena Forth was terminated.

In July 2009, we acquired a new vessel, Seafrance Manet, renamed Stena Navigator.

During 2009, properties of SEK 425 million were acquired and properties were sold for SEK 214 million with a gain of SEK 31 million.

In 2009, the unrestricted company Stena Realty acquired a company, which owned three office buildings in Houston, from the related company Stena Sessan for SEK 179 million.

General Maritime Corporation ("General Maritime") and Arlington Tankers Ltd. ("Arlington Tankers"), in which Stena owned 1,252,988 shares, merged in a stock-for-stock combination. Shareholders of General Maritime received 1,340 shares of the surviving company for each share of General Maritime held, and shareholders of Arlington Tankers received one share of the surviving company for each share of Arlington Tankers held. In December 2009, we completed the sale of our entire stake in General Maritime, which resulted in an aggregate loss of $10 million.

In September 2008, we acquired two 13,000 dwt product tankers for an aggregate purchase price of $56 million. In October 2009, the vessels were sold to a third party for $57 million.

In October 2009, Gunnebo announced a guaranteed rights issue of approximately SEK 500 million which was closed in December 2009. Adactum invested approximately SEK 130 million representing the pre-issue holding in Gunnebo.

In October 2009, Midelfart Sonesson announced a new share issue of SEK 127 million which was closed in December 2009. Adactum invested approximately SEK 30 million representing the pre-issue holding in Midelfart Sonesson.

In December 2009, the option to acquire the RoPax vessel Skåne, operating on our Trelleborg-Rostock route was exercised.

In December 2009, we ordered two Suezmaxes from SHI for an estimated total aggregate investment of $140 million. The vessels are scheduled for delivery in the third and fourth quarters of 2011.

Total construction in progress as of December 31, 2009 was SEK 5,649 million as compared with SEK 7,555 million as of December 31, 2008. The remaining capital expenditure commitment for newbuildings on order as of December 31, 2009 was SEK 8,714 million, of which SEK 4,245 million is due during 2010 and SEK 4,469 million is due during 2011.

Note 6 Subsequent event

In February 2010, we committed to invest approximately GBP 80 million in a new ferry port facility at Loch Ryan in Scotland for the future development of our Scotland-Northern Ireland route. The construction work at Loch Ryan Port is expected to take approximately 20 months and be completed in 2012. A Harbor Empowerment Order (HEO) to allow the creation of the new port has been granted by the Scottish government.

Stena AB and consolidated subsidiaries (restricted group)

Supplemental unaudited consolidated income statements for each of the years in the three-year period ended December 31, 2009

	2007 SEK	2008 SEK (in millions)	2009 SEK	2009 USD[1]
RESTRICTED GROUP				
INCOME STATEMENT DATA:				
Revenues from operations	17,550	20,617	20,810	2,894
Net gain on sale of vessels	253	203	149	21
Total revenues	17,803	20,820	20,959	2,915
Direct operating expenses	(11,547)	(13,083)	(12,912)	(1,797)
Selling and administrative expenses	(1,773)	(2,109)	(2,068)	(288)
Depreciation and amortization	(1,645)	(2,376)	(3,195)	(444)
Total operating expenses	(14,966)	(17,568)	(18,175)	(2,529)
Income from operations	2,838	3,252	2,784	386
Interest income	543	474	265	37
Interest expense	(643)	(887)	(1,032)	(144)
Other financial items	(237)	206	20	3
Total financial income and expense	(337)	(207)	(747)	(104)
Minority interest	(2)	(3)	0	0
Income before taxes	2,499	3,042	2,037	282
Net income	2,077	3,010	2,151	298

(1) Amounts in U.S. dollars have been translated, solely for the convenience of the reader, at an exchange rate of $1.00 = SEK 7.1890, the Noon Buying Rate on December 31, 2009.

Stena AB and consolidated subsidiaries (restricted group)
Supplemental unaudited consolidated balance sheets as of December 31, 2008 and 2009

	2008 SEK	2009 SEK	2009 USD[1]
	(in millions)		
RESTRICTED GROUP			
BALANCE SHEET DATA:			
Intangible fixed assets	398	300	42
Tangible fixed assets	33,541	35,619	4,954
Marketable securities	885	548	76
Other noncurrent assets	13,654	11,635	1,619
Total noncurrent assets	48,478	48,102	6,691
Short-term investments	3,618	2,487	346
Cash and cash equivalents	917	568	79
Other current assets	9,716	6,380	888
Total current assets	14,251	9,435	1,313
Total assets	62,729	57,537	8,004
Total shareholders' equity	23,672	23,331	3,245
Deferred income taxes	778	857	119
Other provisions	3,140	2,934	408
Long-term debt	27,225	25,380	3,531
Other noncurrent liabilities	2,594	—	—
Total noncurrent liabilities	29,816	29,171	4,058
Short-term debt	972	1,989	277
Other current liabilities	4,350	3,046	424
Total current liabilities	5,322	5,053	701
Total shareholders' equity and liabilities	62,729	57,537	8,004

(1) Amounts in U.S. dollars have been translated, solely for the convenience of the reader, at an exchange rate of $1.00 = SEK 7.1890, the Noon Buying Rate on December 31,2009.

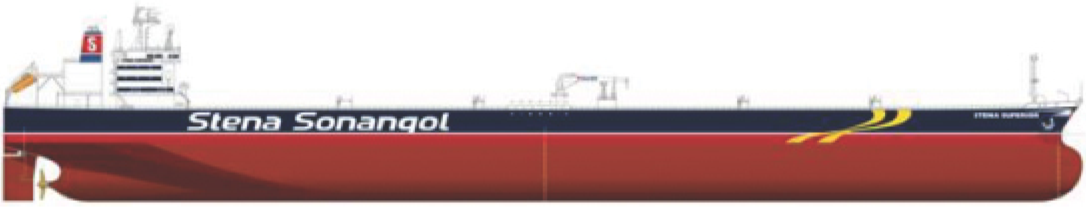
Stena AB and consolidated subsidiaries (restricted group)

Supplemental unaudited consolidated statements of cash flows for each of the years in the three-year period ended December 31, 2009

	2007 SEK	2008 SEK	2009 SEK	2009 USD[1]
		(in millions)		
RESTRICTED GROUP				
CONSOLIDATED STATEMENT OF CASH FLOW :				
Net income	2,077	3,010	2,151	298
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	1,645	2,376	3,195	444
Gain on sale of assets	(253)	(203)	(148)	(21)
(Gain)/loss on securities, net	58	(180)	(380)	(53)
Unrealized foreign exchange (gains) losses	(149)	(125)	352	49
Deferred income taxes	335	(164)	(218)	(30)
Minority interest	3	3	—	—
Other non cash items	65	(165)	346	48
Provisions for pensions	(221)	(235)	(198)	(28)
Net cash flows from trading securities	(699)	994	(107)	(15)
Changes in working capital	1,377	(185)	571	80
Net cash provided by operating activities	4,238	5,126	5,564	772
Net cash flows from investing activities:				
Purchase of intangible assets	(37)	(44)	(38)	(5)
Cash proceeds from sale of property, vessels and equipment	821	692	249	35
Capital expenditure on property, vessels and equipment	(7,299)	(7,878)	(7,764)	(1,080)
Purchase of subsidiary net of cash acquired	—	(53)	—	—
Proceeds from sale of securities	95	691	704	98
Purchase of securities	(233)	(1,448)	(70)	(10)
Increase of non-current assets	(38)	(589)	(14)	(2)
Decrease of non-current assets	10	424	177	25

	2007	2008	2009	2009
	SEK	**SEK**	**SEK**	**USD[1]**
		(in millions)		
Other investing activities	(18)	(990)	(44)	(6)
Net cash used in investing activities	(6,699)	(9,195)	(6,800)	(945)
Net cash flows from financing activities:				
Proceeds from issuance of debt	6,915	6,418	4,079	567
Principal payments on debt	(2,352)	(1,093)	(721)	(100)
Net change in borrowings on line-of-credit agreements	440	120	(3,888)	(541)
Proceeds from new capital lease obligations	—	46	1	0
Principal payments capital lease obligations	(38)	(686)	(184)	(26)
Net change in restricted cash accounts	(692)	(1,922)	1,003	140
Intercompany accounts	(1,123)	1,353	532	74
Dividends paid	(550)	(390)	(190)	(26)
Other financing activities	(313)	618	235	33
Net cash provided by financing activities	2,287	4,464	867	121
Effect of exchange rate changes on cash and cash equivalents	22	17	20	3
Net change in cash and cash equivalents	(152)	412	(349)	(49)
Cash and cash equivalents at beginning of year	657	505	917	128
Cash and cash equivalents at end of year	505	917	568	79

(1) Amounts in U.S. dollars have been translated, solely for the convenience of the reader, at an exchange rate of \$1.00 = SEK 7.1890, the Noon Buying Rate on December 31, 2009.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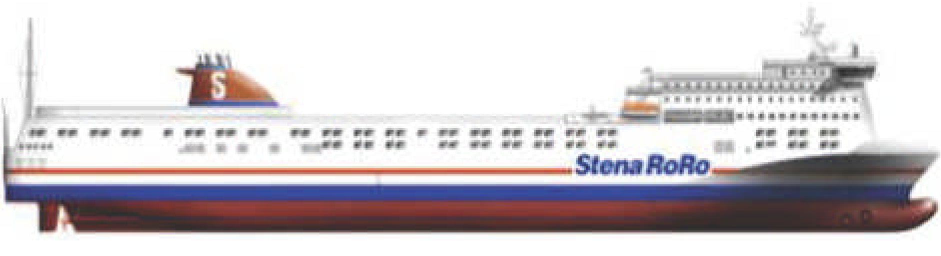
Stena RoRo


Stena Line

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