

PROSPECTUS DATED 31 MARCH 2017



## **TELIA COMPANY AB (publ)**

*(incorporated as a company with limited liability in Sweden)*

### **SEK1,500,000,000 Subordinated Fixed Rate Reset 5.5 year Non-Call Capital Securities due 2077**

**Issue Price: 99.417 per cent.  
and**

### **SEK5,000,000,000 Subordinated Floating Rate 5.5 year Non-Call Capital Securities due 2077**

**Issue Price: 100.000 per cent.  
and**

### **€900,000,000 Subordinated Fixed Rate Reset 6 year Non-Call Capital Securities due 2078**

**Issue Price: 100.000 per cent.**

The SEK1,500,000,000 Subordinated Fixed Rate Reset 5.5 year Non-Call Capital Securities due 2077 (the “**SEK NC5.5 Fixed Rate Reset Capital Securities**”), the SEK5,000,000,000 Subordinated Floating Rate 5.5 year Non-Call Capital Securities due 2077 (the “**SEK NC5.5 Floating Rate Capital Securities**”) and the €900,000,000 Subordinated Fixed Rate Reset 6 year Non-Call Capital Securities due 2078 (the “**EUR NC6 Fixed Rate Reset Capital Securities**” and, together with the SEK NC5.5 Fixed Rate Reset Capital Securities and the SEK NC5.5 Floating Rate Capital Securities, the “**Capital Securities**”) are issued by Telia Company AB (publ) (the “**Issuer**”).

References herein to the “**Conditions**” shall be construed as references to the Terms and Conditions of the SEK NC5.5 Fixed Rate Reset Capital Securities and/or the Terms and Conditions of the SEK NC5.5 Floating Rate Capital Securities and/or the Terms and Conditions of the EUR NC6 Fixed Rate Reset Capital Securities, as the context admits, and references to a numbered “**Condition**” shall be construed accordingly.

Interest will accrue on the SEK NC5.5 Fixed Rate Reset Capital Securities from (and including) 4 April 2017 (the “**Issue Date**”) to (but excluding) 4 October 2022 (the “**SEK NC5.5 Fixed Rate Reset First Reset Date**”) at a rate of 3.250 per cent. per annum, and thereafter at the relevant Reset Interest Rate (as defined in Condition 4(d) of the SEK NC5.5 Fixed Rate Reset Capital Securities). Interest on the SEK NC5.5 Fixed Rate Reset Capital Securities will (subject to deferral, as provided below) be payable annually in arrear on 4 October in each year from (and including) 4 October 2018. The first payment of interest, to be made on 4 October 2018, will be in respect of the period from (and including) the Issue Date to (but excluding) 4 October 2018.

Interest will accrue on the SEK NC5.5 Floating Rate Capital Securities from (and including) the Issue Date to (but excluding) the Interest Payment Date falling in October 2027 (the “**SEK NC5.5 Floating Rate 2027 Step-up Date**”) at a rate of 2.900 per cent. per annum above the three-month Stockholm Inter-Bank Offered Rate for SEK deposits for each Interest Period, and thereafter at the relevant Step-up Interest Rate (as defined in Condition 4(f) of the SEK NC5.5 Floating Rate Capital Securities). Interest on the SEK NC5.5 Floating Rate Capital Securities will (subject to deferral, as provided below) be payable quarterly in arrear on the interest payment dates falling in January, April, July and October in each year from (and including) the Interest Payment Date falling in July 2017.

Interest will accrue on the EUR NC6 Fixed Rate Reset Capital Securities from (and including) the Issue Date to (but excluding) 4 April 2023 (the “**EUR NC6 Fixed Rate Reset First Reset Date**”) at a rate of 3.000 per cent. per annum, and thereafter at the relevant Reset

Interest Rate (as defined in Condition 4(d) of the EUR NC6 Fixed Rate Reset Capital Securities). Interest on the EUR NC6 Fixed Rate Reset Capital Securities will (subject to deferral, as provided below) be payable annually in arrear on 4 April in each year from (and including) 4 April 2018.

Payments of interest on the Capital Securities may, at the option of the Issuer, be deferred, as set out in the Condition 5(a) of the relevant Capital Securities. Deferred interest, which shall itself bear interest, may be paid at any time at the option of the Issuer (upon notice to the holders of the relevant Capital Securities), and must be paid in the circumstances provided in Condition 5(b) of the relevant Capital Securities.

If the Issuer does not elect to redeem the Capital Securities in accordance with Condition 6(e) of the Capital Securities following the occurrence of a Change of Control Event (as defined in the Conditions), the then prevailing interest rate per annum (and each subsequent interest rate per annum otherwise determined in accordance with the Conditions) for such Capital Securities shall be increased by 5 per cent. per annum with effect from (and including) the day immediately following the Change of Control Step-Up Date, as set out in Condition 4(i).

Unless earlier redeemed or repurchased and cancelled, the Issuer shall redeem the SEK NC5.5 Fixed Rate Reset Capital Securities on 4 October 2077, the SEK NC5.5 Floating Rate Capital Securities on the Interest Payment Date falling in October 2077 and the EUR NC6 Fixed Rate Reset Capital Securities on 4 April 2078. The Issuer will have the right to redeem (i) the SEK NC5.5 Fixed Rate Reset Capital Securities in whole, but not in part, on the SEK NC5.5 Fixed Rate Reset First Reset Date or on any Interest Payment Date thereafter, (ii) the SEK NC5.5 Floating Rate Capital Securities in whole, but not in part, on the SEK NC5.5 Floating Rate First Call Date or on any Interest Payment Date thereafter, and (iii) the EUR NC6 Fixed Rate Reset Capital Securities in whole, but not in part, on the EUR NC6 Fixed Rate Reset First Reset Date or on any Interest Payment Date thereafter. The Issuer may also redeem the Capital Securities upon the occurrence of a Change of Control Event, a Tax Deductibility Event, a Substantial Repurchase Event, a Capital Event or a Withholding Tax Event, and may in certain circumstances vary the terms of, or substitute, the Capital Securities, all as set out in the Conditions.

**Prospective investors should have regard to the factors described in the section headed “Risk Factors” herein.**

Application has been made to the *Commission de Surveillance du Secteur Financier* (the “CSSF”) in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 on prospectuses for securities (the “Prospectus Act 2005”) to approve this document as a prospectus. The CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this prospectus or the quality or solvency of the Issuer in accordance with Article 7(7) of the Prospectus Act 2005. Application has also been made to the Luxembourg Stock Exchange for the Capital Securities to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. References in this Prospectus to Capital Securities being “listed” (and all related references) shall mean that such Capital Securities have been admitted to trading on the Luxembourg Stock Exchange's regulated market and have been admitted to the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (“Directive 2004/39/EC”).

The Capital Securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended, (the “Securities Act”), and are subject to United States tax law requirements. The Capital Securities are being offered outside the United States by the Joint Bookrunners (as defined in the section entitled “Subscription and Sale”) in accordance with Regulation S under the Securities Act (“Regulation S”), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Capital Securities are not intended from 1 January 2018, to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“MiFID II”); (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “Prospectus Directive”). Consequently no key information document required by Regulation (EU) No 1286/2014 (the PRIIPs Regulation) for offering or selling the Capital Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Capital Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.**

The Capital Securities are expected to be rated “Baa3” by Moody’s Investors Service Limited (“**Moody’s**”) and “BBB” (negative watch) by Standard & Poor’s Credit Market Services Europe Limited (“**S&P**”). A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency. Each of S&P and Moody’s is established in the European Union and is registered under Regulation (EC) No 1060/2009 as amended (the “**CRA Regulation**”) and is included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority.

The Capital Securities will be issued in bearer form and initially represented by global capital securities which will be deposited on or about the Issue Date with a common depository for Euroclear and Clearstream, Luxembourg (each as defined herein). See “*Summary of provisions relating to the Capital Securities in Global Form*”.

***Structuring Adviser and Global Coordinator***

**Citigroup**

***Joint Global Coordinators***

**BNP PARIBAS**

**SEB**

***Joint Bookrunners***

**Barclays**

**BofA Merrill Lynch**

**BNP PARIBAS**

**Citigroup**

**Goldman Sachs International**

**Nordea**

**SEB**

## IMPORTANT INFORMATION

This Prospectus constitutes a prospectus for the purposes of Article 5.3 of the Prospectus Directive. When used in this Prospectus, “Prospectus Directive” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in a relevant Member State of the European Economic Area.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

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

No representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Joint Bookrunners as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer. Save for the Issuer, no other party has verified the information contained herein.

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

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

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Capital Securities shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Capital Securities is correct as of any time subsequent to the date indicated in the document containing the same. The Joint Bookrunners expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Capital Securities. Investors should review, *inter alia*, the most recent financial statements, if any, of the Issuer when deciding whether or not to purchase any Capital Securities.

## **IMPORTANT INFORMATION RELATING TO THE USE OF THIS PROSPECTUS AND OFFERS OF CAPITAL SECURITIES GENERALLY**

The distribution of this Prospectus and the offer or sale of Capital Securities may be restricted by law in certain jurisdictions. The Issuer and the Joint Bookrunners do not represent that this Prospectus may be lawfully distributed, or that the Capital Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Joint Bookrunners which would permit a public offering of the Capital Securities or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, the Capital Securities may not be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the Joint Bookrunners have represented that all offers and sales by them will be made on the same terms. Persons into whose possession this Prospectus or any Capital Securities come must inform themselves about, and observe any such restrictions. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Capital Securities in the United States, the United Kingdom and Sweden (see “*Subscription and Sale*” below).

### **PRESENTATION OF INFORMATION**

References in this document to “SEK” refer to Swedish krona and references to “euro”, “EUR” and “€” refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

### **STABILISATION**

In connection with the issue of the Capital Securities, Citigroup Global Markets Limited (the “Stabilisation Manager”) (or persons acting on behalf of the Stabilisation Manager) may over-allot Capital Securities or effect transactions with a view to supporting the market price of the Capital Securities at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Capital Securities is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Capital Securities and 60 days after the date of the allotment of the Capital Securities. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager (or persons acting on behalf of the Stabilisation Manager) in accordance with all applicable laws and regulations.

### **SUITABILITY OF INVESTMENT**

The Capital Securities are complex financial instruments and may not be a suitable investment for all investors. Each potential investor in the Capital Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Capital Securities, the merits and risks of investing in the Capital Securities and the information contained or incorporated by reference in this Prospectus or any applicable supplement;

- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Capital Securities and the impact the Capital Securities will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Capital Securities, including Capital Securities where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understands thoroughly the terms of the Capital Securities and is familiar with the behaviour of financial markets; and
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Prospective investors should consult their tax advisers as to the tax consequences of the purchase, ownership and disposition of the Capital Securities.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Capital Securities are legal investments for it, (2) Capital Securities can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Capital Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Capital Securities under any applicable risk-based capital or similar rules.

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## **Risk Factors**

*In purchasing Capital Securities, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Capital Securities. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Prospectus a number of factors which could materially adversely affect its business and ability to make payments due.*

*In addition, factors which are material for the purpose of assessing the market risks associated with the Capital Securities are also described below.*

*Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision..*

### **Factors that may affect the Issuer's ability to fulfil its obligations under the Capital Securities**

Telia Company operates in a broad range of geographical product and service markets in the highly competitive and regulated telecommunications industry. As a result, Telia Company is subject to a variety of risks and uncertainties. Telia Company has defined risk as anything that could have a material adverse effect on the achievement of Telia Company's goals. Risks can be threats, uncertainties or lost opportunities relating to Telia Company's current or future operations or activities. Set forth below is a description of some of the factors that may affect its business, brand perception, financial position and results of operations.

#### **Industry and market conditions**

##### *Global financial markets unrest*

Changes in the global financial markets are difficult to predict. Telia Company strives to have a strong balance sheet and operates in a relatively non-cyclical or late-cyclical industry. However, a severe or long-term financial crisis by itself or by triggering of a downturn in the economy of one or more countries in which Telia Company operates would have an impact on customers and may have a negative impact on growth and results of operations through reduced telecom spending.

The maturity schedule of Telia Company's loan portfolio is aimed to be evenly distributed over several years, and refinancing is expected to be made by using uncommitted open-market debt financing programmes and bank loans, alongside the company's free cash flow. In addition, Telia Company has committed bank credit lines that are deemed to be sufficient and may be utilised if the open-market refinancing conditions are poor. However, Telia Company's cost of funding might be higher should there be unfavourable changes in the global financial markets.

##### *International political and macroeconomic developments*

Telia Company has material investments in the Russian Federation related to its associated company PAO MegaFon and the international carrier operations. Following the conflict between the Russian Federation and Ukraine, the European Union and the United States have implemented sanctions directed towards individuals and corporates. The Russian Federation has as a consequence decided on certain counter actions. The sanctions and counter actions may negatively affect the Russian rouble and the Russian economy, which in turn may impact countries whose economies are closely linked to the Russian economy, such as a number of Telia Company's Eurasian operations. These developments, as well as other international political conflicts or

developments affecting countries in which Telia Company is operating, may adversely impact Telia Company's cash flows, financial position and results of operations.

#### *Competition and price pressure*

Telia Company is subject to substantial and historically increasing competition and price pressure. Competition from a variety of sources, including current market participants, new entrants and new products and services, may adversely affect Telia Company's results of operations. Competition has from time to time led to increasing customer churn, decreasing customer bases and to declines in the prices Telia Company charges for its products and services, and may have similar effects in the future.

Transition to new business models in the telecom industry may lead to structural changes and different competitive dynamics. Failure to anticipate and respond to industry dynamics, and to drive a change agenda to meet mature and developing demands in the marketplace, may affect Telia Company's customer relationships, service offerings and position in the value chain, and adversely impact its results of operations.

#### *Regulation*

Telia Company operates in a highly regulated industry. The regulations to which Telia Company is subject impose significant limits on its flexibility to manage its business. In a number of countries, Telia Company entities have been designated as a party with significant market power in one or several telecom submarkets. As a result, Telia Company is required to provide certain services on regulated terms and prices, which may differ from the terms on which it would otherwise have provided those services. Effects from regulatory intervention may be both retroactive and prospective.

Changes in regulation or government policy affecting Telia Company's business activities, as well as decisions by regulatory authorities or courts, including granting, amending or revoking of telecom licences and frequency permits for Telia Company or other parties, could adversely affect Telia Company's business and results of operations.

#### *Emerging markets*

Telia Company has made significant investments in telecom operators in Kazakhstan, Azerbaijan, Uzbekistan, Tajikistan, Georgia, Moldova, Nepal, Russia, Turkey and Afghanistan. Historically, the political, economic, legal and regulatory systems in these countries have been less predictable than in countries with more mature institutional structures. The political situation in each of the emerging market countries may remain or become increasingly unpredictable, and markets in which Telia Company operates may become unstable, even to the extent that Telia Company decides or will be forced to exit a country or a specific operation within a country. Another implication may be unexpected or unpredictable litigation cases under civil or tax legislation.

Other risks associated with operating in emerging market countries include foreign exchange restrictions or administrative issues, which could effectively prevent Telia Company from repatriating cash, e.g. by receiving dividends and repayment of loans, or from selling its investments.

Still another risk is the potential establishment of foreign ownership restrictions or other possible actions against entities with foreign ownership, either formally or informally.

Such negative political or legal developments or weakening of the economies or currencies in these markets might have a significantly negative effect on Telia Company's results of operations and financial position.

In September 2015, Telia Company announced its decision to reduce its presence in region Eurasia (Kazakhstan, Azerbaijan, Uzbekistan, Tajikistan, Georgia, Moldova and Nepal) and, over time, to leave the region completely. Sales processes are ongoing and the divestment of Ncell in Nepal was completed on 11 April 2016. The nature of these markets, including potential government intervention and other factors mentioned above, combined with the fact that assets are not fully-owned and there are undertakings and obligations under various shareholder agreements, as well as reputational issues regarding the assets and fewer potential buyers than in more mature markets, makes the complexity of these sales processes high with significant uncertainties regarding both expected outcome and timing.

## **Operations and strategic activities**

### *Impairment losses and restructuring charges*

Factors generally affecting the telecom markets as well as changes in the economic, regulatory, business or political environment impact Telia Company financially. Management also constantly reviews and refines its business plans, and may make exit decisions or take other actions in order to effectively execute Telia Company's strategy. Should such circumstances negatively change management's expectation of future cash flows attributable to certain assets, Telia Company will be required to recognise asset impairment losses, including but not limited to goodwill and fair value adjustments recorded in connection with historical or future acquisitions.

Telia Company has undertaken a number of restructuring and streamlining initiatives, mainly affecting the Nordic operations, which have resulted in substantial restructuring and streamlining charges. Similar initiatives may be undertaken in the future.

Telia Company also has significant deferred tax assets resulting from earlier recorded impairment losses and restructuring charges. Significant adverse changes in the economic, regulatory, business or political environment, as well as in Telia Company's business plans, could also result in Telia Company not being able to use these tax assets in full to reduce its tax obligations in the future, and would consequently lead to an additional tax charge when such tax asset is derecognised.

In addition to affecting Telia Company's financial position and results of operations, such impairment losses and restructuring charges may adversely affect Telia Company's ability to pay dividends.

### *Investments in business transformation, new technology and future growth*

Telia Company is currently investing in business transformation and future growth through, for example, initiatives to increase competitiveness and reduce cost as well as to improve capacity and access. Telia Company is also constantly investing in sales and marketing efforts to retain and acquire customers in its markets. Further, Telia Company normally has to pay fees to acquire new telecom licenses and frequency permits or to renew or maintain existing ones. In order to attract new customers, Telia Company has previously also engaged in start-up operations and may decide to do so also in the future, which would require additional investments and expenditure in the build-up phase.

Telia Company believes that these investments and initiatives will improve market position and financial strength. However, success will depend on a variety of factors beyond Telia Company's control, including the cost of acquiring, renewing or maintaining telecom licenses and frequency permits, the cost of new technology, availability of new and attractive services, the costs associated with providing these services, the timing of their introduction, the market demand and prices for such services, and competition. Should Telia Company fail to reach the targets set for its business transformation and customer attraction activities, the results of operations will be negatively impacted.

### *Business combinations and strategic alliances*

Telia Company is constantly reviewing its asset portfolio in line with the strategy of increasing ownership in core holdings. Over the years, Telia Company has made a number of targeted acquisitions in accordance with its strategy. Telia Company may continue to expand and grow its business through business combinations, strategic alliances, etc. The efficient integration of these acquisitions and the realisation of related cost and revenue synergies, as well as the positive development of the acquired operations, are significant for the results of operations both in the long and short term. If Telia Company fails to integrate or manage any acquired company or strategic alliance, there is a risk that management's attention would be diverted away from other business concerns. In addition, any potential acquisition could negatively affect Telia Company's financial position and its credit ratings or, if made using Telia Company shares, dilute the existing shareholders.

### *Shareholder matters in partly owned subsidiaries*

Telia Company conducts some of its activities, particularly outside of the Nordic region, through subsidiaries in which Telia Company does not have 100 per cent. ownership. Under the governing documents for certain of these entities, the holders of non-controlling interests have protective rights in matters such as approval of dividends, changes in the ownership structure and other shareholder-related matters. As a result, actions outside Telia Company's control and adverse to its interests may affect Telia Company's position to act as planned in these partly owned subsidiaries.

### *Customer service and network quality*

In addition to cost efficiency in all operations, Telia Company focuses on high-quality service to its customers and high-quality networks. Telia Company's ambition to create a service company on the customers' terms requires a major internal change of processes, attitude and focus in many parts of the company. Externally, extreme weather conditions and natural disasters may cause serious problems to network quality and availability and need to be considered in the business continuity planning. High-quality networks and services are fundamental to the customer perception of Telia Company and its success going forward. Whatever the reason, failure to reach or maintain high-quality levels would have an adverse impact on Telia Company's business.

### *Supply chain*

Telia Company is reliant upon a limited number of suppliers to manufacture and supply network equipment and related software as well as terminals, to allow Telia Company to develop its networks and to offer its services on a commercial basis. In addition, like its competitors, Telia Company currently outsources many of its key support services, including network construction and maintenance, in most of its operations. The limited number of suppliers of these services, and the terms of Telia Company's arrangements with current and future suppliers, may adversely affect Telia Company, including by restricting its operational flexibility.

### *Ability to recruit and retain skilled personnel*

To remain competitive and implement its strategy, and to adapt to changing technologies, Telia Company will need to recruit, retain, and where necessary retrain highly skilled employees with particular expertise. In particular, competition is intense for qualified telecommunications and information technology personnel. To a considerable extent, Telia Company's ability to recruit and retain skilled personnel for growth business areas and new technologies will depend on its ability to offer competitive remuneration packages. In some of the countries in which Telia Company operates, regulations related to granting work permits for foreign citizens represent a complicating factor due to often bureaucratic and time-consuming procedures. If Telia

Company fails to recruit or retrain necessary highly skilled employees, its ability to develop high growth business areas and new business areas or remain competitive in the traditional business areas may be limited.

### **Associated companies and joint operations**

#### *Limited influence in associated companies and joint operations*

Telia Company conducts some of its activities, particularly outside of the Nordic region, through associated companies. Examples of major associated companies are PAO MegaFon in Russia and Turkcell İletişim Hizmetleri A.S. in Turkey. In turn, these associated companies own stakes in numerous other companies. Telia Company does not have a controlling interest in its associated companies and as a result has limited influence over the conduct of all these businesses.

Under the governing documents for certain of these entities, Telia Company's partners have control over or share control of key matters such as the approval of business plans and budgets, and decisions as to the timing and amount of cash distributions. The risk of actions outside Telia Company's or its associated companies' control and adverse to Telia Company's interests, or disagreement or deadlock, is inherent in associated companies and jointly controlled entities. One example of this is the ongoing corporate governance issues at shareholder level in Turkcell. Further, Telia Company might not be able to ensure that the associated companies apply the same sustainability principles, increasing the risk for wrongdoings and reputational and financial losses. Telia Company strives to use its board presence and active ownership practices to promote the implementation of its sustainability principles.

Variations in the financial performance of these associated companies have an impact on Telia Company's results of operations also in the short term.

As part of its strategy, Telia Company may increase its shareholdings in some of its associated companies. The implementation of such strategy, however, may be difficult due to a variety of factors, including factors beyond Telia Company's control, such as willingness on the part of other existing shareholders to dispose or accept dilution of their shareholdings and, in the event Telia Company gains greater control, its ability to successfully manage the relevant businesses.

In Sweden, Telia Company has entered into a cooperation arrangement with Tele2 to build and operate a UMTS network through a 50 per cent. owned joint operation, Svenska UMTS-nät AB, which has rights to a Swedish UMTS licence. In Denmark, Telia Company has entered into a similar agreement with Telenor to build and operate a common radio access network through a 50 per cent. owned joint operation, TT-Netværket P/S. Telia Company has made significant financial investments in these operations. As they are jointly controlled, there is a risk that the partners may disagree on important matters, including funding of the operations. This risk may be magnified because Telia Company and Tele2 and Telenor, respectively, are significant competitors. A disagreement or deadlock regarding these operations or a breach by one of the parties of the material provisions of the cooperation arrangements could have a negative effect on Telia Company.

### **Sustainability**

#### *Human rights – freedom of expression*

Issues related to human rights pose high risks to the telecom industry. Risks include complicity in human rights violations by operators being linked to excessive governmental demands to the detriment of privacy and freedom of expression and by telecom services being used for the sexual exploitation of children. International standards on human rights go beyond identifying and managing material risks to Telia Company, they also relate to the risks to individuals.

National laws and regulations on surveillance of communications or the shut-down of networks could be defined in ways that enable violations of human rights. Government monitoring, blocking or take-down requests often serve a legitimate purpose, including to protect human rights. However, there are major and problematic government requests that might conflict with freedom of expression and privacy. Telia Company may be legally required to comply with such requests and, like other telecom operators, only have limited leverage with which to investigate, challenge or reject the requests. In some countries, this dilemma places Telia Company at heightened risks of being linked to severe human rights abuses. These risks are further strengthened in relationships with state entities and the fact that major requests often are strictly confidential.

#### *Customer privacy*

Vast amounts of data are generated when customers use Telia Company's services and networks. New ways of connecting and data-heavy business models make it difficult for individuals to understand and retain control over how their data is collected and used. Moreover, it is challenging to establish and uphold "bulletproof" privacy protection in increasingly sophisticated data environments and in ever-changing technical and risk landscapes. While Telia Company, through appropriate measures, avoids failure in its work to protect the privacy of its customers and to secure network integrity as well as data security, external or internal factors may negatively impact data security and privacy and cause unfavourable effects on customers' perception of how Telia Company handles these matters, potentially leading to an adverse impact on Telia Company's business and results of operations.

#### *Corruption and unethical business practices*

Some of the countries in which Telia Company operates are ranked as having high levels of corruption according to sources such as Transparency International, Business Against Corruption and the World Bank. The telecom industry is particularly exposed to bribery and corruption risks due to the dependency on government-granted telecom licenses and frequency permits, as well as the need for government-granted permits and approvals at several stages of the network roll-out process. In addition, there may be requests for, by way of example, free services and numbers as well as sponsorships and donations to facilitate operational processes. Actual or perceived corruption or unethical business practices may damage customers' or other stakeholders' perception of Telia Company and also result in financial penalties and debarment from procurement processes. A serious negative impact on Telia Company's business operations and its brand might lead to a decision to exit one or a number of markets. Further, after making such a decision, the divestment process as such may expose Telia Company to the risk of corruption and unethical business behaviour.

#### *Review of Eurasian transactions*

In late 2012, the then Board of Directors appointed the Swedish law firm Mannheimer Swartling ("**MSA**") to investigate allegations of corruption related to Telia Company's investments in Uzbekistan. MSA's report was made public on 1 February 2013.

In April 2013, the Board of Directors appointed the international law firm Norton Rose Fulbright ("**NRF**") to review transactions and agreements made in Eurasia by Telia Company in previous years with the intention of giving the Board a clear picture of the transactions and a risk assessment from a business ethics perspective. For advice on implications under Swedish legislation, the Board appointed two Swedish law firms. In consultation with the law firms, Telia Company has promptly taken steps, and will continue to take steps, in its business operations as well as in its governance structure and with its personnel which reflect concerns arising from the review. The Swedish Prosecution Authority's investigation with respect to Uzbekistan is ongoing and Telia Company continues to cooperate with and provide assistance to the Prosecutor.

If continued assessments and investigations lead to new observations and findings, the possibility cannot be excluded that the consequences of such findings would be that the results of operations and financial position in Telia Company's operations in the Eurasian jurisdictions are adversely impacted.

Another risk is presented by the Swedish Prosecution Authority's notification at the beginning of 2013, during the investigation of Telia Company's transactions in Uzbekistan, that it is separately investigating the possibility of seeking a corporate fine against Telia Company, which, under the Swedish Criminal Act, could be up to a maximum amount of SEK 10 million, and forfeiture of any proceeds to Telia Company resulting from the alleged crimes. The Swedish Prosecution Authority may take similar actions with respect to transactions made or agreements entered into by Telia Company relating to operations in its other Eurasian markets.

Further, actions taken, or to be taken, by the police, prosecution or regulatory authorities in other jurisdictions against Telia Company's operations or transactions, or against third parties, whether they be Swedish or non-Swedish individuals or legal entities, might directly or indirectly harm Telia Company's business, results of operations, financial position, cash flows or brand reputation. For example, investigations concerning bribery and money laundering in connection with the transactions in Uzbekistan are being conducted by the Dutch prosecutor and police authorities, and by the U.S. Department of Justice and the U.S. Securities and Exchange Commission. As requested by the Dutch authorities, Telia Company has provided a bank guarantee of EUR 10 million as collateral for any financial claims which may be decided against one of its Dutch subsidiaries. Telia Company is cooperating fully with the Dutch and U.S. authorities. The investigations were initiated in March 2014 and are still ongoing. At this point in time, it is not possible to assess how or when the investigations will be resolved. On 14 September 2016, Telia Company received a proposal from the US and the Dutch authorities for financial sanctions amounting to a total of approximately USD 1.45 billion. Resolution of the various investigations is complex and will require further discussion and negotiation with the various government agencies involved in the investigations. There is currently no certainty as to the timing and amount that may be paid at the time of a final resolution and there is a risk that the investigations will result in further forms of sanctions, monetary and/or otherwise. The outcome of the investigations may have a material adverse effect on Telia Company's financials.

Telia Company has received requests to make public the reviews made by NRF and other law firms. However, despite risking criticism, it is not possible to publish the reviews because they relate to individuals, companies and business agreements which are private. Telia Company would risk incurring lawsuits if it were to publish the relevant reports as the law firms' views are not necessarily shared by those implicated. As already stated, Telia Company continuously hands over information to law enforcement agencies, who are better equipped to assess whether any criminal acts have occurred.

#### *Responsible Procurement*

Telia Company needs to ensure that its policies on ethical business practices, environmental issues, human rights and labour laws are all fully respected by its suppliers and their sub-suppliers. Failure or perception of failure of Telia Company's suppliers to adhere to these requirements may damage the customers' or other stakeholders' perception of Telia Company and negatively impact Telia Company's business operations and its brand.

#### *Environment and climate change*

Telia Company expects increasing regulation and taxation of fossil fuel usage, greenhouse gas emissions and electronic waste. Energy shortages and increasing energy costs may incur additional costs or lost revenues for Telia Company.

As a consequence of climate change, extreme weather conditions such as storms, heavy rainfalls and floods will be more common and may prevent Telia Company from keeping its networks running, negatively affecting its results of operations.

#### *Occupational health and safety*

Serious risks related to occupational health and safety (“OHS”) are generally linked to construction and maintenance work. Such work is mainly carried out by contractors, but Telia Company must ensure that these suppliers have proper OHS practices, as accidents or malpractice might damage Telia Company’s operations and/or reputation. Most Telia Company employees work in office or store environments, where the main risks are psychosocial wellbeing and ergonomics. If not managed properly, these risks may lead to increasing sick leave and a higher number of accidents and injuries, potentially incurring significant costs.

#### **Actions by the largest shareholder**

As of the date of this Prospectus, the Swedish State held 37.3 per cent. of Telia Company’s outstanding shares. Accordingly, the Swedish State, acting alone, may have the power to influence any matters submitted for a vote of shareholders. The interest of the Swedish State in deciding these matters could be different from the interests of Telia Company’s other shareholders.

#### **Financial risk management**

Telia Company is exposed to financial risks such as credit risk, liquidity risk, currency risk, interest rate risk, financing risk and pension obligation risk. Financial risk management is centralised in the Group Treasury unit. Failure to effectively manage and hedge these financial risks could have a negative impact on Telia Company’s financial position and results of operations.

#### *Credit risk*

The credit risk with respect to Telia Company's trade receivables is diversified geographically and among a large number of customers, both private individuals and companies in various industries. Bad debt expense in relation to consolidated net sales was 0.5 per cent. in 2016 (0.6 per cent. in 2015).

#### *Liquidity risk*

Telia Company manages the liquidity risk by depositing its surplus liquidity in banks or investing it in short-term interest-bearing instruments with good credit ratings. In addition to available cash, Telia Company has committed revolving credit facilities and overdraft facilities. In total, the available unutilised amount under committed facilities was approximately SEK 16 billion at year end 2016.

#### *Currency risk*

Telia Company's operational currency transaction exposure is not significant. Telia Company's conversion exposure, however, is significant. Telia Company does not normally hedge its conversion exposure. At year-end 2016, the conversion exposure amounted to SEK 69.9 billion (SEK 60.5 billion at year end 2015). Weakening of the Swedish Krona by ten percentage points against all currencies in which Telia Company has conversion exposure would have had a positive impact of SEK 7 billion on the group's equity as of 31 December 2016.

### *Interest rate risk*

Telia Company manages interest rate risk by aiming to balance the estimated running cost of borrowing and the risk of significant negative impact on earnings, should there be a sudden, major change in interest rates. Telia Company's policy is that the duration of interest of the debt portfolio should be from three years to seven years.

### *Financing risk*

By having most of its borrowings with a longer maturity than the duration of interest, Telia Company is able to obtain the desired interest rate risk without having to assume a high financing risk. In order to further reduce the financing risk, Telia Company aims to spread loan maturity dates over a longer period.

### *Pension obligation risk*

Telia Company has a significant amount of pension obligations, with a net present value of SEK 24.9 billion as of 31 December 2016 (SEK 23.2 billion at year end 2014). Telia Company maintains pension funds to secure these obligations, with plan assets amounting to SEK 26.1 billion based on market values at year end 2016 (SEK 25.1 billion at year end 2015). The actuarial calculation of pension obligations is based on three principal assumptions: discount rate, annual adjustments to pensions (inflation rate) and longevity. The sensitivity of the pension obligations to changes in the principal assumptions is as follows:

	Change in assumption (p.p.)	Impact on pension obligations (SEK in millions)
Discount rate	+0.50 / -0.50	-2,285 / +2,598
Annual adjustments to pensions	+0.50 / -0.50	+2,477 / -2,179
Longevity	+1 year	+744

### **Financial reporting risks**

The reporting of Telia Company's results of business operations and financial condition is based on internal and external financial reporting, which has to be timely, reliable, correct, and complete. Internal controls over financial reporting is an integral part of Telia Company's corporate governance. It includes methods and procedures to safeguard the group's assets, ensure and control the reliability and correctness of financial reporting in accordance with applicable legislation and guidelines, improve operational efficiency and control the level of risk in the business operations.

The management of financial reporting risks is described in more detail in Telia Company's corporate governance statement. The corporate governance statement, including the description of internal controls, forms part of the official annual and sustainability report and has been examined by the external auditors.

### **Factors which are material for the purpose of assessing the market risks associated with the Capital Securities**

#### **Risks related to the Capital Securities generally**

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

*The Conditions contain provisions which may permit their modification without the consent of all investors*

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

*Investors who purchase Capital Securities in denominations that are not an integral multiple in excess of SEK1,000,000 or €100,000 (as applicable) may be adversely affected if definitive Capital Securities are subsequently required to be issued*

The SEK NC5.5 Fixed Rate Reset Capital Securities and the SEK NC5.5 Floating Rate Capital Securities have denominations consisting of a minimum of SEK1,000,000 and integral multiples of SEK10,000 in excess thereof up to and including denominations of SEK1,990,000. The EUR NC6 Fixed Rate Reset Capital Securities have denominations consisting of a minimum of €100,000 and integral multiples of €1,000 in excess thereof up to and including denominations of €199,000. It is possible that the Capital Securities may be traded in amounts that are not integral multiples of SEK1,000,000 or €100,000 (as applicable). In such a case a Holder who, as a result of trading such amounts, holds an amount which is less than SEK1,000,000 or €100,000 in their account with the relevant clearing system at the relevant time may not receive a definitive Capital Security in respect of such holding (should definitive Capital Securities be printed) and would need to purchase a principal amount of Capital Securities such that its holding amounts to the SEK1,000,000 or €100,000 (as applicable).

If definitive Capital Securities are issued, Holders should be aware that definitive Capital Securities which have a denomination that is not an integral multiple of SEK1,000,000 or €100,000 (as applicable) may be illiquid and difficult to trade.

### **Risks related to the market generally**

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

*An active secondary market in respect of the Capital Securities may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Capital Securities*

The Capital Securities may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Capital Securities in the secondary market (in which case the market or trading price and liquidity may be adversely affected) or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

*The value of the Capital Securities depends on a number of economic, financial and political factors*

The value of the Capital Securities depends on a number of interrelated factors, including economic, financial and political events in Sweden or elsewhere, including factors affecting capital markets generally and the stock exchanges on which the Capital Securities are traded. The price at which a Holder will be able to sell the Capital Securities prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such Holder.

*If an investor holds Capital Securities which are not denominated in the investor's home currency, they will be exposed to movements in exchange rates adversely affecting the value of their holding. In addition, the imposition of exchange controls in relation to any Capital Securities could result in an investor not receiving payments on those Capital Securities*

The Issuer will pay principal and interest on the SEK NC5.5 Fixed Rate Reset Capital Securities and the SEK NC5.5 Floating Rate Capital Securities in Swedish krona and on the EUR NC6 Fixed Rate Reset Capital Securities in euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than euro or, as the case may be, Swedish krona. These include the risk that exchange rates may significantly change (including changes due to devaluation of the euro or Swedish krona or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the euro or Swedish krona, as the case may be, would decrease (1) the Investor's Currency-equivalent yield on the Capital Securities, (2) the Investor's Currency-equivalent value of the principal payable on the Capital Securities and (3) the Investor's Currency-equivalent market value of the Capital Securities.

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

*Legal investment considerations may restrict certain investments*

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Capital Securities are legal investments for it, (2) Capital Securities can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Capital Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Capital Securities under any applicable risk-based capital or similar rules.

*Any decline in credit ratings assigned to the Issuer or the Capital Securities may affect the market value of the Capital Securities and may not reflect all the risks associated with an investment in the Capital Securities and changes in rating methodologies may lead to the early redemption of the Capital Securities*

The Capital Securities have been assigned ratings by S&P and Moody's. The rating granted by each of S&P and Moody's or any other rating assigned to the Capital Securities may not reflect the potential impact of all risks related to structure, market and other factors that may affect the value of the Capital Securities. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In addition, each of S&P and Moody's or any other rating agency may change their methodologies or their application for rating securities with features similar to the Capital Securities in the future. This may include the relationship between ratings assigned to an issuer's senior securities and ratings assigned to securities with features similar to the Capital Securities, sometimes called "notching". If the rating agencies were to change their practices or their application for rating such securities in the future and the ratings of the Capital Securities were to be subsequently lowered, this may have a negative impact on the trading price of the Capital Securities.

If as a consequence of an amendment, clarification or change in the equity credit criteria of any Rating Agency (as defined in the Conditions), the Capital Securities are no longer eligible for the same or higher

category of equity credit attributed to the Capital Securities at the date of their issue, the Issuer may redeem the Capital Securities in whole, but not in part, as further described in the Conditions.

#### *CRA Regulation*

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the “**CRA Regulation**”) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended subject to transitional provisions that apply in certain circumstances whilst the registration application is pending). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority (“**ESMA**”) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

*The value of the Capital Securities could be adversely affected by a change in English law or Swedish law or administrative practice*

The Conditions are based on and governed by English law (other than the Conditions relating to subordination of the Capital Securities, which are based on and governed by Swedish law). No assurance can be given as to the impact of any possible judicial decision or change to the laws of England and Wales or Sweden or administrative practice after the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to laws or administrative practices after the date of this Prospectus.

*The Global Capital Securities are held by or on behalf of Euroclear and Clearstream, Luxembourg, meaning investors will have to rely on their procedures for transfer, payment and communication with the Issuer*

The Capital Securities will be represented by the Global Capital Securities except in certain limited circumstances described in each Permanent Global Capital Security. The Global Capital Securities will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in each Permanent Capital Global Security, investors will not be entitled to receive Definitive Capital Securities. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Capital Securities. While the Capital Securities are represented by the Global Capital Securities, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

While the Capital Securities are represented by the Global Capital Securities, the Issuer will discharge its payment obligations under the Capital Securities by making payments to or to the order of the common depositary for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Capital Security must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Capital Securities. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Capital Securities. Holders of beneficial interests in the Global Capital Securities will not have a direct right to vote in respect of the Capital Securities. Instead, such Holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg.

## **Risks related to the structure of the Capital Securities**

*The Capital Securities are subordinated obligations; accordingly, claims in respect of the Capital Securities would rank junior to claims in respect of unsubordinated obligations of the Issuer in the event of an Issuer Winding-up*

The Capital Securities are direct, unsecured and subordinated obligations of the Issuer, ranking behind claims of unsubordinated creditors of the Issuer and creditors of the Issuer in respect of all Subordinated Indebtedness (as defined in the Conditions), *pari passu* without any preference among themselves and with any present and future outstanding Parity Securities of the Issuer (as defined in the Conditions) and in priority to payments to holders of all classes of share capital of the Issuer in their capacity as such holders.

In the event of the voluntary or involuntary liquidation (*likvidation*), bankruptcy (*konkurs*) or company reconstruction (*företagsrekonstruktion*) of the Issuer (each an “**Issuer Winding-up**”), Holders will only be eligible to recover any amounts in respect of their Capital Securities if all claims in respect of more senior-ranking obligations of the Issuer (whether secured or unsecured) have first been paid in full. If, on an Issuer Winding-up, the assets of the Issuer are insufficient to repay the claims of all senior-ranking creditors in full, the Holders will lose their entire investment in the Capital Securities. If there are sufficient assets to repay the claims of senior-ranking creditors in full but insufficient assets to enable it to pay claims in respect of the Capital Securities and all other obligations of the Issuer ranking *pari passu* with the Capital Securities, Holders will lose some or substantially all of their investment in the Capital Securities. The Holders therefore face a higher recovery risk than holders of unsubordinated obligations and Subordinated Indebtedness (as defined in the Conditions) of the Issuer.

Furthermore, subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with, the Capital Securities and each Holder shall, by virtue of their holding, be deemed to have waived all such rights of set-off, compensation or retention.

In addition, if the financial condition of the Issuer deteriorates such that Issuer Winding-up may be anticipated, the market price of the Capital Securities can be expected to fall, and such fall may be significant. A Holder that sells its Capital Securities in such an event may lose some or substantially all of its initial investment in the Capital Securities (whether or not an Issuer Winding-up subsequently occurs).

*The Capital Securities are long-term securities and therefore an investment in Capital Securities constitutes a financial risk for a long period*

Unless the same have been earlier redeemed or purchased and cancelled, the SEK NC5.5 Fixed Rate Reset Capital Securities will be redeemed on 4 October 2077, the SEK NC5.5 Floating Rate Capital Securities will be redeemed on the Interest Payment Date falling in October 2077 and the EUR NC6 Fixed Rate Reset Capital Securities will be redeemed on 4 April 2078. The Issuer is under no obligation to redeem the Capital Securities at any time before these dates and Holders have no right to call for redemption of the Capital Securities.

Therefore, prospective investors should be aware that they may be required to bear the financial risks of an investment in the Capital Securities for a long period and may not recover their investment before the end of this period.

*The Issuer may defer interest payments*

The Issuer may, at any time and in its sole discretion (except on the Maturity Date of the relevant Capital Securities or any other Interest Payment Date on which the relevant Capital Securities are to be redeemed),

elect to defer payment of all (but not some only) of the interest which would otherwise be paid on any Interest Payment Date (as defined in the Conditions), and the Issuer shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Issuer for any purpose.

Any interest not paid on an applicable Interest Payment Date and deferred shall constitute Deferred Interest and shall be paid in whole, but not in part, at any time, at the option of the Issuer or on the occurrence of a Deferred Interest Payment Event, as defined in the Conditions.

Any deferral of interest payments will be likely to have an adverse effect on the market price of the Capital Securities. In addition, as a result of such interest deferral provisions of the Capital Securities, the market price of the Capital Securities may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to the above provisions and may be more sensitive generally to adverse changes in the Issuer's financial condition.

*The Issuer may redeem the Capital Securities early; investors should consider reinvestment risk*

The Issuer will have the right to redeem the SEK NC5.5 Fixed Rate Reset Capital Securities in whole, but not in part, on the SEK NC5.5 Fixed Rate Reset First Reset Date or any Interest Payment Date thereafter, will have the right to redeem the SEK NC5.5 Floating Rate Capital Securities in whole, but not in part, on the SEK NC5.5 Floating Rate First Call Date or any Interest Payment Date thereafter, and will have the right to redeem the EUR NC6 Fixed Rate Reset Capital Securities on the EUR NC6 Fixed Rate Reset First Reset Date or any Interest Payment Date thereafter, in each case at their principal amount together with any Deferred Interest and any other accrued and unpaid interest to (but excluding) the date of redemption.

The Issuer may also, at its option, redeem the SEK NC5.5 Fixed Rate Reset Capital Securities in whole, but not in part, the SEK NC5.5 Floating Rate Capital Securities in whole, but not in part, and/or the EUR NC6 Fixed Rate Reset Capital Securities in whole, but not in part, upon the occurrence of a Tax Deductibility Event, a Capital Event, a Change of Control Event, a Withholding Tax Event or a Substantial Repurchase Event with respect to the relevant Capital Securities, as further described in the Conditions.

In the case of a Tax Deductibility Event or a Capital Event, such redemption will be at (i) 101 per cent. of the principal amount of the relevant Capital Securities, where such redemption occurs (in the case of the SEK NC5.5 Fixed Rate Reset Capital Securities) before the SEK NC5.5 Fixed Rate Reset First Reset Date, (in the case of the SEK NC5.5 Floating Rate Capital Securities) before the SEK NC5.5 Floating Rate First Call Date or (in the case of the EUR NC6 Fixed Rate Reset Capital Securities) before the EUR NC6 Fixed Rate Reset First Reset Date, or (ii) 100 per cent. of the principal amount of the relevant Capital Securities, where such redemption occurs on or after the relevant date specified in (i) above, together in each case with any Deferred Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

In the case of a Withholding Tax Event, a Change of Control Event or a Substantial Repurchase Event, such redemption will be at 100 per cent. of the principal amount of the relevant Capital Securities, together with any Deferred Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

During any period when the Issuer may elect to redeem the Capital Securities, the market value of the Capital Securities generally will not rise substantially above the price at which they can be redeemed.

The Issuer might redeem the Capital Securities when its cost of borrowing is lower than the interest rate on the Capital Securities. There can be no assurance that, at the relevant time, Holders will be able to reinvest the amounts received upon redemption at a rate that will provide the same return as their investment in the Capital Securities. Potential investors should consider reinvestment risk in light of other investments available at that time.

### *Substitution or variation of the Capital Securities*

There is a risk that, after the issue of the Capital Securities, a Tax Deductibility Event, a Capital Event or a Withholding Tax Event may occur which would entitle the Issuer, without any requirement for the consent or approval of the Holders, to substitute the relevant Capital Securities for, or vary the terms of the relevant Capital Securities so that they become or remain, Qualifying Capital Securities (as defined in the Conditions).

Whilst Qualifying Capital Securities are required to have terms which are not materially less favourable to Holders than the terms of the relevant Capital Securities (as reasonably determined by the Issuer in consultation with an independent investment bank, independent financial adviser or legal counsel of international standing), there can be no assurance that the Qualifying Capital Securities will not have a significant adverse impact on the price of, and/or the market for, the Capital Securities, nor that there will not be any adverse tax consequences for any Holders of the Capital Securities arising from such substitution or variation.

### *Fixed rate securities have a market risk*

The SEK NC5.5 Fixed Rate Reset Capital Securities and the EUR NC6 Fixed Rate Reset Capital Securities will bear interest at a fixed rate, each reset by reference to a mid-swap rate plus a margin on the first reset date for the relevant Capital Securities and on each fifth anniversary of such first reset date. A holder of a security with a fixed interest rate is exposed to the risk that the price of such security falls as a result of changes in the current interest rate on the capital market (the “**Market Interest Rate**”). While the nominal interest rate of a security with a fixed interest rate is fixed during the life of such security or during a certain period of time, the Market Interest Rate typically changes on a daily basis. A change of the Market Interest Rate may cause the price of such security to change. If the Market Interest Rate increases, the price of such security typically falls. If the Market Interest Rate falls, the price of a security with a fixed interest rate typically increases. Potential investors should be aware that movements of the Market Interest Rate can adversely affect the price of the relevant Capital Securities and can lead to losses for the Holders if they sell such Capital Securities.

Each reset interest rate may be different from the initial interest rate of the relevant Capital Securities and may adversely affect the yield of such Capital Securities.

### *Floating rate securities may suffer a decline in interest rate*

The SEK NC5.5 Floating Rate Capital Securities will bear interest at a floating rate, set by reference to a 3-month interbank offered rate plus a margin. A holder of a security with a floating interest rate is exposed to the risk of fluctuating interest rate levels and uncertain interest income. Fluctuating interest rate levels make it impossible to determine the yield of such securities in advance.

Each reset interest rate may be different from the initial interest rate of the SEK NC5.5 Floating Rate Capital Securities and may adversely affect the yield of the SEK NC5.5 Floating Rate Capital Securities.

### *Reform and Regulation of “benchmarks”*

So-called benchmarks such as the Stockholm Interbank Offered Rate (“**STIBOR**”), the Euro Interbank Offered Rate (“**EURIBOR**”), ISDAFIX (now restructured and renamed the ICE Swap Rate) referenced swap rates and other indices which are deemed “benchmarks” (each a “**Benchmark**” and together, the “**Benchmarks**”), to which the interest on securities may be linked to, have become the subject of regulatory scrutiny and recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause the relevant benchmarks to perform differently than in the past, or have other consequences which may have a material adverse effect on the value of and the amount payable under the Capital Securities.

International proposals for reform of Benchmarks include the European Council's regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "**Benchmark Regulation**") which was published in the official journal on 29 June 2016. In addition to the aforementioned regulation, there are numerous other proposals, initiatives and investigations which may impact Benchmarks.

Any changes to a Benchmark as a result of the Benchmark Regulation or other initiatives, could have a material adverse effect on the costs of refinancing a Benchmark or the costs and risks of administering or otherwise participating in the setting of a Benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or participate in certain Benchmarks, trigger changes in the rules or methodologies used in certain Benchmarks or lead to the disappearance of certain Benchmarks. Although it is uncertain whether or to what extent any of the abovementioned changes and/or any further changes in the administration or method of determining a Benchmark could have an effect on the value of the Capital Securities, investors should be aware that they face the risk that any changes to the relevant Benchmark may have a material adverse effect on the value of and the amount payable under the Capital Securities.

*Holders of the Capital Securities have very limited rights in relation to the enforcement of payments on the Capital Securities*

If a default is made by the Issuer for a period of 30 days or more in relation to the payment of any interest, principal or premium in respect of the Capital Securities which is due and payable, the rights of the Holders in respect of the Capital Securities are limited to instituting proceedings for an Issuer Winding-up, and the Holders may prove and/or claim in respect of the Capital Securities in an Issuer Winding-up.

Whilst the claims of the Holders in an Issuer Winding-up are for the principal amount of their Capital Securities together with any Deferred Interest and any other accrued and unpaid interest, such claims will be subordinated as provided above under "*The Capital Securities are subordinated obligations; accordingly, claims in respect of the Capital Securities would rank junior to claims in respect of unsubordinated obligations of the Issuer in the event of an Issuer Winding-up*". The Holders shall not be entitled to accelerate payments of interest or principal under the Capital Securities in any circumstances outside an Issuer Winding-up. Furthermore, whilst the Holder may institute other proceedings against the Issuer to enforce the terms of the Capital Securities, the Issuer shall not, by virtue of such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

Accordingly, the Holders' rights of enforcement in respect of payments under the Capital Securities are very limited.

*No limitation on issuing or guaranteeing debt ranking senior to or pari passu with the Capital Securities*

There is no restriction in the Conditions on the amount of debt which the Issuer may issue or guarantee. The Issuer and its subsidiaries and affiliates may incur additional indebtedness or grant guarantees in respect of indebtedness or guarantees of third parties, including indebtedness that ranks *pari passu* with or senior to the Capital Securities. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Holders on an Issuer Winding-up and/or may increase the likelihood of a deferral of interest payments under the relevant Capital Securities.

## General Description of the Capital Securities

*This overview is a general description of the Capital Securities and does not purport to be complete. It is taken from, and is qualified in its entirety by, the remainder of this Prospectus. For a more complete description of the Capital Securities, including definitions of capitalised terms used but not defined in this section, please see the relevant Conditions.*

*Capitalised terms used and not defined in this section shall have the meaning given in the Terms and Conditions of the SEK NC5.5 Fixed Rate Reset Capital Securities (in respect of the SEK NC5.5 Fixed Rate Reset Capital Securities), the SEK NC5.5 Floating Rate Capital Securities (in respect of the SEK NC5.5 Floating Rate Capital Securities) or of the EUR NC6 Fixed Rate Reset Capital Securities (in respect of the EUR NC6 Fixed Rate Reset Capital Securities), as the context admits, and references to a numbered Condition shall be construed accordingly.*

Issuer:	Telia Company AB (publ)
Structuring Adviser and Global Coordinator:	Citigroup Global Markets Limited
Joint Global Coordinators:	BNP Paribas and Skandinaviska Enskilda Banken AB (publ)
Joint Bookrunners:	Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited, Goldman Sachs International, Merrill Lynch International, Nordea Bank AB (publ) and Skandinaviska Enskilda Banken AB (publ)
Capital Securities:	SEK1,500,000,000 Subordinated Fixed Rate Reset 5.5 year Non-Call Capital Securities due 2077 (the “ <b>SEK NC5.5 Fixed Rate Reset Capital Securities</b> ”), SEK5,000,000,000 Subordinated Floating Rate 5.5 year Non-Call Capital Securities due 2077 (the “ <b>SEK NC5.5 Floating Rate Capital Securities</b> ”) and €900,000,000 Subordinated Fixed Rate Reset 6 year Non-Call Capital Securities due 2078 (the “ <b>EUR NC6 Fixed Rate Reset Capital Securities</b> ” and together with the SEK NC5.5 Fixed Rate Reset Capital Securities and the SEK NC5.5 Floating Rate Capital Securities, the “ <b>Capital Securities</b> ”).
Issue Price:	SEK NC5.5 Fixed Rate Reset Capital Securities: 99.417 per cent. SEK NC5.5 Floating Rate Capital Securities: 100 per cent. EUR NC6 Fixed Rate Reset Capital Securities: 100 per cent.
Issue Date:	4 April 2017
Maturity Dates:	SEK NC5.5 Fixed Rate Reset Capital Securities: 4 October 2077 SEK NC5.5 Floating Rate Capital Securities: Interest Payment Date falling in October 2077 EUR NC6 Fixed Rate Reset Capital Securities: 4 April 2078
Use of Proceeds:	The net proceeds from the issue of the Capital Securities will be

used for the general corporate purposes of the Issuer, including (without limitation), in the sole discretion of the Issuer, to refinance certain of its outstanding debt obligations.

Interest on SEK NC5.5 Fixed Rate Reset Capital Securities:

The SEK NC5.5 Fixed Rate Reset Capital Securities will bear interest on their principal amount at the following rates of interests:

- (i) from (and including) the Issue Date to (but excluding) 4 October 2022 (the “**SEK NC5.5 Fixed Rate Reset First Reset Date**”), 3.250 per cent. per annum; and
- (ii) thereafter, at a rate (to be reset on the SEK NC5.5 Fixed Rate Reset First Reset Date and each fifth anniversary of such date) equal to the 5 Year SEK Mid-Swap Rate plus the applicable Margin.

For the purposes of the SEK NC5.5 Fixed Rate Reset Capital Securities, the “**Margin**” means:

- (a) in respect of the period from (and including) the SEK NC5.5 Fixed Rate Reset First Reset Date to (but excluding) 4 October 2027 (the “**SEK NC5.5 Fixed Rate Reset 2027 Step-up Date**”), 2.900 per cent.;
- (b) in respect of the period from (and including) the SEK NC5.5 Fixed Rate Reset 2027 Step-up Date to (but excluding) 4 October 2042 (the “**SEK NC5.5 Fixed Rate Reset 2042 Step-up Date**”), 3.150 per cent.; and
- (c) in respect of the period from (and including) the SEK NC5.5 Fixed Rate Reset 2042 Step-up Date to (but excluding) the Maturity Date, 3.900 per cent.

Interest shall be payable (subject to deferral as provided below) annually in arrear on 4 October of each year, commencing 4 October 2018. The first payment of interest, to be made on 4 October 2018, will be in respect of the period from (and including) the Issue Date to (but excluding) 4 October 2018.

Interest on SEK NC5.5 Floating Rate Capital Securities:

The SEK NC5.5 Floating Rate Capital Securities will bear interest on their principal amount at the following rates of interests:

- (i) from (and including) the Issue Date to (but excluding) the Interest Payment Date falling in October 2027 (the “**SEK NC5.5 Floating Rate 2027 Step-up Date**”), 2.900 per cent. per annum above the three-month Stockholm Inter-Bank Offered Rate for SEK deposits for each Interest Period; and
- (ii) in respect of the period from (and including) the SEK NC5.5 Floating Rate 2027 Step-up Date to (but excluding) the Interest Payment Date falling in October 2042 (the “**SEK NC5.5 Floating Rate 2042 Step-up Date**”), 3.150 per cent. per annum above the three-month Stockholm Inter-Bank Offered Rate for SEK deposits for each Interest

Period; and

- (iii) in respect of the period from (and including) the SEK NC5.5 Floating Rate 2042 Step-up Date to (but excluding) the Maturity Date, 3.900 per cent. per annum above the three-month Stockholm Inter-Bank Offered Rate for SEK deposits for each Interest Period.

Interest shall be payable (subject to deferral as provided below) quarterly in arrear on the Interest Payment Dates falling in January, April, July and October of each year, commencing in July 2017.

Interest on EUR NC6 Fixed Rate Reset Capital Securities:

The EUR NC6 Fixed Rate Reset Capital Securities will bear interest on their principal amount at the following rates of interests:

- (i) from (and including) the Issue Date to (but excluding) 4 April 2023 (the “**EUR NC6 Fixed Rate Reset First Reset Date**”), 3.000 per cent. per annum; and
- (ii) thereafter, at a rate (to be reset on the EUR NC6 Fixed Rate Reset First Reset Date and each fifth anniversary of such date) equal to the 5 Year EUR Mid-Swap Rate plus the applicable Margin.

For the purposes of the EUR NC6 Fixed Rate Reset Capital Securities, the “**Margin**” means:

- (a) in respect of the period from (and including) the EUR NC6 Fixed Rate Reset First Reset Date to (but excluding) 4 April 2028 (the “**EUR NC6 2028 Step-up Date**”), 2.645 per cent.;
- (b) in respect of the period from (and including) the EUR NC6 2028 Step-up Date to (but excluding) 4 April 2043 (the “**EUR NC6 2043 Step-up Date**”), 2.895 per cent.; and
- (c) in respect of the period from (and including) the 2043 Step-up Date to (but excluding) the Maturity Date, 3.645 per cent.

Interest shall be payable (subject to deferral as provided below) annually in arrear on 4 April of each year, commencing 4 April 2018.

Optional Interest Deferral:

*Interest deferral*

The Issuer may, at any time and at its sole discretion, by giving notice to the Holders not less than seven Business Days before the relevant Interest Payment Date, elect to defer any interest, in whole but not in part, which is otherwise scheduled to be paid on an Interest Payment Date (except for interest payable upon maturity or redemption of the Capital Securities).

*No default*

If the Issuer makes such an election to defer interest, the Issuer

shall have no obligation to make such payment on the relevant Interest Payment Date and any such non-payment of interest on such date shall not constitute a default by the Issuer or any other breach of obligations under the Capital Securities.

*Deferred Interest*

Any interest in respect of the Capital Securities which has not been paid at the election of the Issuer in accordance with this paragraph will be deferred and such deferred interest shall itself bear interest at the rate of interest prevailing from time to time (which interest shall compound on each Interest Payment Date) and, for so long as the same remains unpaid, such deferred interest (including interest accrued thereon) shall constitute “**Deferred Interest**”.

Settlement of Deferred Interest:

*Optional settlement*

Deferred Interest may be paid (in whole but not in part) at any time at the option of the Issuer upon not less than seven Business Days’ notice to the Holders.

*Mandatory settlement*

The Issuer shall pay any Deferred Interest, in whole but not in part, on the first to occur of the following dates:

- (i) the 10th Business Day following the date on which a Deferred Interest Payment Event occurs;
- (ii) any Interest Payment Date in respect of which the Issuer does not elect to defer all of the interest accrued in respect of the relevant interest period; and
- (iii) the date on which the Capital Securities are redeemed or repaid.

A “**Deferred Interest Payment Event**” means any one or more of the following events:

- (a) declaration or payment of any distribution or dividend or any other payment made by the Issuer on its share capital or any other obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities or any Parity Securities;
- (b) declaration or payment of any distribution or dividend or any other payment made by the Issuer or any Subsidiary of the Issuer, as the case may be, on any Parity Securities;
- (c) redemption, repurchase, repayment, cancellation, reduction or other acquisition by the Issuer or any Subsidiary of the Issuer of any shares of the Issuer any other obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities or any Parity Securities; and/or
- (d) redemption, repurchase, repayment, cancellation, reduction or other acquisition by the Issuer or any Subsidiary of the

Issuer of any Parity Securities,

save for:

- (i) in each case, any compulsory distribution, dividend, other payment, redemption, repurchase, repayment, cancellation, reduction or other acquisition required by the terms of such securities or by mandatory operation of applicable law;
- (ii) in the case of (c) above only, any redemption, repurchase, repayment, cancellation, reduction or other acquisition is executed in connection with, or for the purpose of (1) any reduction of the quota value of the share capital of the Issuer without a corresponding return of cash, capital or assets to shareholders of the Issuer or (2) any share buyback programme then in force and duly approved by the shareholders' general meeting of the Issuer or the relevant Subsidiary of the Issuer (as applicable) or any existing or future stock option plan or free share allocation plan or other incentive plan, in all cases, reserved for directors, officers and/or employees of the Issuer or the relevant Subsidiary of the Issuer or any associated hedging transaction; and
- (iii) in the case of (d) above only, any redemption, repurchase, repayment, cancellation, reduction or other acquisition executed in whole or in part in the form of a public tender offer or public exchange offer at a consideration per Parity Security below its par value.

“**Parity Securities**” has the meaning given in the Conditions.

Status/Ranking:

The Capital Securities and the Coupons constitute direct, unsecured and subordinated obligations of the Issuer.

In the event of the voluntary or involuntary liquidation (*likvidation*), bankruptcy (*konkurs*) or company re-construction (*företagsrekonstruktion*) of the Issuer (each an “**Issuer Winding-up**”), the Holders shall, in respect of their Capital Securities, have a claim (in lieu of any other amount) for the principal amount of their Capital Securities and any accrued and unpaid interest (including any Deferred Interest) thereon and such claims will rank:

- (i) *pari passu* without any preference among themselves and with any present or future claims in respect of obligations of the Issuer in respect of Parity Securities;
- (ii) in priority to all present or future claims in respect of (A) any share capital of the Issuer and (B) any other obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities or any Parity Security; and
- (iii) junior to any present or future claims in respect of (A) all

unsubordinated obligations of the Issuer and (B) all Subordinated Indebtedness.

“**Subordinated Indebtedness**” means any obligation of the Issuer, whether or not having a fixed maturity, which by its terms is, or is expressed to be, subordinated in the event of an Issuer Winding-up to the claims of all unsubordinated creditors of the Issuer but senior to the Capital Securities or to the obligations of the Issuer in respect of any Parity Securities.

No Set-off:

Subject to applicable law, no Holder or Couponholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with, the Capital Securities and each Holder shall, by virtue of its holding, be deemed to have waived all such rights of set-off, compensation or retention.

Form and Denomination:

The SEK NC5.5 Fixed Rate Reset Capital Securities and the SEK NC5.5 Floating Rate Capital Securities will be issued in bearer form in the denomination of SEK1,000,000 and integral multiples of SEK10,000 in excess thereof up to and including denominations of SEK1,990,000.

The EUR NC6 Fixed Rate Reset Capital Securities will be issued in bearer form in the denomination of €100,000 and integral multiples of €1,000 in excess thereof up to and including denominations of €199,000.

Final Redemption:

Unless earlier redeemed or purchased and cancelled, the SEK NC5.5 Fixed Rate Reset Capital Securities will be redeemed on 4 October 2077 (the “**SEK NC5.5 Fixed Rate Reset Maturity Date**”), the SEK NC5.5 Floating Rate Capital Securities will be redeemed on the Interest Payment Date falling in October 2077 (the “**SEK NC5.5 Floating Rate Maturity Date**”) and the EUR NC6 Fixed Rate Reset Capital Securities will be redeemed on 4 April 2078 (the “**EUR NC6 Fixed Rate Reset Maturity Date**”), in each case at their principal amount together with any Deferred Interest and any other accrued and unpaid interest up to (but excluding) the applicable maturity date.

Early Redemption at the option of the Issuer:

The Issuer may, upon not less than 30 nor more than 60 days’ notice to the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all, but not some only, of:

- (i) the SEK NC5.5 Fixed Rate Reset Capital Securities on the SEK NC5.5 Fixed Rate Reset First Reset Date or on any Interest Payment Date for the SEK NC5.5 Fixed Rate Reset Capital Securities thereafter;
- (ii) the SEK NC5.5 Floating Rate Capital Securities on the Interest Payment Date falling in October 2022 (the “**SEK**”

NC5.5 Floating Rate First Call Date”) or on any Interest Payment Date for the SEK NC5.5 Floating Rate Capital Securities thereafter; and

- (iii) the EUR NC6 Fixed Rate Reset Capital Securities on the EUR NC6 Fixed Rate Reset First Reset Date or on any Interest Payment Date for the EUR NC6 Fixed Rate Reset Capital Securities thereafter,

in each case at their principal amount together with any Deferred Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

Early Redemption upon a Tax Deductibility Event or a Capital Event:

If a Tax Deductibility Event or a Capital Event (each as defined in the Conditions) has occurred and is continuing, the Issuer may, upon not less than 30 nor more than 60 days’ notice to the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to certain preconditions as specified in the Conditions of the Capital Securities, redeem all, but not some only, of the Capital Securities at any time at an amount equal to:

- (i) 101 per cent. of their principal amount, where such redemption occurs (A) in the case of the SEK NC5.5 Fixed Rate Reset Capital Securities, before the SEK NC5.5 Fixed Rate Reset First Reset Date, (B) in the case of the SEK NC5.5 Floating Rate Capital Securities, before the SEK NC5.5 Floating Rate First Call Date, or (C) in the case of the EUR NC6 Fixed Rate Reset Capital Securities, before the EUR NC6 Fixed Rate Reset First Reset Date; or
- (ii) 100 per cent. of their principal amount, where such redemption occurs on or after the relevant date specified in (i) above,

together, in each case, with any Deferred Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

Early Redemption upon a Withholding Tax Event, a Change of Control Event or a Substantial Repurchase Event:

If a Withholding Tax Event or a Change of Control Event (as defined in the Conditions) has occurred and is continuing, or if a Substantial Repurchase Event (as defined in the Conditions) has occurred, the Issuer may, upon not less than 30 nor more than 60 days’ notice to the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to certain preconditions as specified in the Conditions of the Capital Securities, redeem all, but not some only, of the Capital Securities at any time at an amount equal to 100 per cent. of their principal amount together with any Deferred Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

If the Issuer does not elect to redeem the Capital Securities

following the occurrence of a Change of Control Event, the then prevailing Interest Rate, and each subsequent Interest Rate, on the Capital Securities shall be increased by 5.00 per cent. per annum with effect from (and including) the day immediately following the Change of Control Step-up Date.

Substitution or Variation:

If at any time a Tax Deductibility Event, Capital Event or a Withholding Tax Event has occurred and is continuing on or after the Issue Date, then the Issuer may, subject to certain preconditions as specified in the Conditions of the Capital Securities (and without any requirement for the consent or approval of the Holders or Couponholders), upon not less than 30 nor more than 60 days' notice to the Holders (which notice shall be irrevocable), at any time either:

- (i) substitute all, but not some only, of the Capital Securities for; or
- (ii) vary the terms of the Capital Securities with the effect that they remain or become, as the case may be,

Qualifying Capital Securities (as defined in the Conditions).

Purchase:

The Issuer or any of its subsidiaries may at any time purchase or procure others to purchase beneficially for its account any or all Capital Securities in any manner and at any price. In each case, purchases will be made together with all unmatured Coupons and Talons appertaining thereto.

Taxation:

All payments of principal, premium and interest in respect of the Capital Securities and the Coupons by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes or duties ("**Taxes**") of whatever nature imposed or levied by or on behalf of Sweden or any political subdivision of, or any authority thereof or therein having power to tax, unless the withholding or deduction of the Taxes is required by law. If such a withholding or deduction is required by law, the Issuer will be required to gross-up payments to the Holders, subject as provided in Condition 12.

Default:

If a default is made by the Issuer for a period of 30 days or more in relation to the payment of any interest or principal in respect of the Capital Securities which is due and payable, then the Issuer shall, be deemed to be in default under the Capital Securities and the Coupons and any Holder may institute proceedings for an Issuer Winding-up.

In the event of an Issuer Winding-up a Holder may, provided such Holder does not contravene a previously adopted Extraordinary Resolution (if any), prove and/or claim in such Issuer Winding-up in respect of the Capital Securities, such claim being for such amount, and being subordinated in such manner, as is provided under "Status/Ranking" above.

Rating:	The Capital Securities are expected to be rated “Baa3” by Moody’s and “BBB” (negative watch) by S&P.
Governing Law:	The Agency Agreement, the Capital Securities, the Coupons and the Talons, and any non-contractual obligations arising out of or in connection with them will be governed by, and construed in accordance with, the laws of England and Wales, other than the provisions of Condition 3(a) and any non-contractual obligations arising out of or in connection with them which will be governed by, and construed in accordance with, the laws of Sweden.
Listing and Trading:	Application has been made for the Capital Securities to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange’s regulated market. Such listing and admission to trading are expected to occur as of the Issue Date or as soon as practicable thereafter.
Clearing Systems:	Euroclear Bank SA/NV (“ <b>Euroclear</b> ”) and Clearstream Banking, S.A. (“ <b>Clearstream, Luxembourg</b> ”).
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Capital Securities in the United States (Reg S, Category 2), the Republic of Italy, the United Kingdom and Sweden).

## Documents Incorporated by Reference

The following documents which have previously been published or are published simultaneously with this Prospectus and have been filed with the CSSF shall be incorporated by reference in, and form part of, this Prospectus:

(a) Financial Statements for the Financial Year ended 31 December 2015

the audited consolidated annual financial statements of the Issuer and auditors report for the financial year ended 31 December 2015 which appear on pages 96 to 173 and 209 to 210 of the annual and sustainability report for the year ended 31 December 2015, including the information set out at the following pages in particular:

Consolidated Statements of Comprehensive Income .....	96
Consolidated Statements of Financial Position .....	97
Consolidated Statements of Cash Flows .....	98
Consolidated Statements of Changes in Equity .....	99
Notes to Consolidated Financial Statements .....	100-173
Auditors' Report .....	209-210

(b) Financial Statements for the Financial Year ended 31 December 2016

the audited consolidated annual financial statements of the Issuer, auditors report for the financial year ended 31 December 2016, alternative performance measurements and definitions which appear on pages 100 to 178, 215 to 219, 225-226 and 227-228 of the annual and sustainability report for the year ended 31 December 2016 (the “**Annual Report**”) including the information set out at the following pages in particular:

Consolidated Statements of Comprehensive Income .....	100
Consolidated Statements of Financial Position .....	101
Consolidated Statements of Cash Flows .....	102
Consolidated Statements of Changes in Equity .....	103
Notes to Consolidated Financial Statements .....	104-178
Auditors' Report .....	215-219
Alternative Performance Measurements .....	225-226
Definitions .....	227-228

Any non-incorporated parts of a document (which, for the avoidance of doubt, means any parts not listed in the cross-reference lists above) referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Prospectus.

Any documents which have been translated from Swedish to English are accurate translations.

Copies of documents incorporated by reference in this Prospectus are available for viewing on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and can be obtained from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in Luxembourg.

## Terms and Conditions of the SEK NC5.5 Fixed Rate Reset Capital Securities

*The following, except for paragraphs in italics, are the terms and conditions of the SEK NC5.5 Fixed Rate Reset Capital Securities which will be endorsed on each SEK NC5.5 Fixed Rate Reset Capital Security in definitive form (if issued).*

The issue of the SEK1,500,000,000 Subordinated Fixed Rate Reset 5.5 year Non-Call Capital Securities due 2077 (the “**Capital Securities**”, which expression shall, unless the context otherwise requires, include any Further Capital Securities issued pursuant to Condition 18 and forming a single series with the Capital Securities) of Telia Company AB (publ) (the “**Issuer**”) was authorised by a resolution of the Board of Directors of the Issuer passed on 8 March 2017. The Capital Securities are issued subject to and with the benefit of an Agency Agreement dated 4 April 2017 (such agreement as amended and/or supplemented and/or restated from time to time, the “**Agency Agreement**”) made between the Issuer, Citibank, N.A., London Branch as fiscal agent and principal paying agent (the “**Fiscal Agent**”) and the other initial paying agents named in the Agency Agreement (together with the Fiscal Agent, the “**Paying Agents**”).

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Agency Agreement. Copies of the Agency Agreement are available for inspection during normal business hours by the holders of the Capital Securities (the “**Holder**”) and the holders of interest coupons and the talons (“**Talons**”) for further interest coupons appertaining to the Capital Securities (the “**Couponholders**” and the “**Coupons**” (which expressions shall in these Conditions, unless the context otherwise requires, include the holders of the Talons and the Talons respectively) at the specified office of each of the Paying Agents, being at the date of these Conditions at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB. The Holders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. References in these Conditions to the Fiscal Agent and the Paying Agents shall include any successor appointed under the Agency Agreement.

### 1 Form, Denomination and Title

#### (a) *Form and Denomination*

The Capital Securities are serially numbered and in bearer form in the denominations of SEK1,000,000 and integral multiples of SEK10,000 in excess thereof up to and including SEK1,990,000, each with Coupons and a Talon attached on issue. No definitive Capital Securities will be issued with a denomination above SEK1,990,000. Capital Securities of one denomination may not be exchanged for Capital Securities of any other denomination.

#### (b) *Title*

Title to the Capital Securities, Coupons and Talons passes by delivery. The Issuer and any Paying Agent will (except as ordered by a court of competent jurisdiction or as otherwise required by law) deem and treat the bearer of any Capital Security, Coupon or Talon as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and shall not be required to obtain any proof thereof or as to the identity of such bearer.

## 2 Status of the Capital Securities and the Coupons

The Capital Securities and Coupons constitute direct, unsecured and subordinated obligations of the Issuer. The rights and claims of the Holders in respect of the Capital Securities and the Couponholders in respect of the Coupons, in each case against the Issuer, are subordinated as described in Condition 3(a).

## 3 Subordination and rights on a winding-up

### (a) *Rights on a winding-up*

In the event of the voluntary or involuntary liquidation (*likvidation*), bankruptcy (*konkurs*) or company re-construction (*företagsrekonstruktion*) of the Issuer (each an “**Issuer Winding-up**”), the Holders shall, in respect of their Capital Securities, have a claim (in lieu of any other amount) for the principal amount of their Capital Securities and any accrued and unpaid interest (including any Deferred Interest) thereon and such claims will rank:

- (i) *pari passu* without any preference among themselves and with any present or future claims in respect of obligations of the Issuer in respect of Parity Securities;
- (ii) in priority to all present or future claims in respect of (A) any share capital of the Issuer and (B) any other obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities or any Parity Security; and
- (iii) junior to any present or future claims in respect of (A) all unsubordinated obligations of the Issuer and (B) all Subordinated Indebtedness.

*The Issuer does not intend (without thereby assuming a legal or contractual obligation or restriction) to issue any preference shares that would rank junior to the Capital Securities or any Parity Securities.*

### (b) *Set-off*

Subject to applicable law, no Holder or Couponholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Capital Securities or the Coupons and each Holder and Couponholder shall, by virtue of its holding of any Capital Security or Coupon, be deemed to have waived all such rights of set-off, compensation or retention.

## 4 Interest Payments

### (a) *Interest Payment Dates*

The Capital Securities bear interest on their principal amount at the applicable Interest Rate from (and including) 4 April 2017 (the “**Issue Date**”) up to (but excluding) the Maturity Date in accordance with the provisions of this Condition 4.

Subject to Condition 5, interest shall be payable on the Capital Securities annually in arrear on 4 October in each year (each an “**Interest Payment Date**”) from (and including) 4 October 2018.

### (b) *Interest Accrual*

The Capital Securities (and any unpaid amounts thereon) will cease to bear interest from (and including) the date of redemption thereof pursuant to the relevant paragraph of Condition 6 or the date of

substitution or variation thereof pursuant to Condition 7, as the case may be, unless, upon due presentation, payment of all unpaid amounts in respect of the Capital Securities is not made, in which event interest shall continue to accrue in respect of the principal amount of, and any other unpaid amounts on, the Capital Securities, both before and after judgment, and shall be payable as provided in these Conditions up to (but excluding) the Relevant Date.

When interest is required to be calculated in respect of a period other than a full year, such interest shall be calculated on the basis of the Day-Count Fraction (as defined in Condition 22).

Interest in respect of any Capital Security shall be calculated per SEK10,000 in principal amount thereof (the “**Calculation Amount**”). The amount of interest calculated per Calculation Amount for any period shall be equal to the product of the relevant Interest Rate, the Calculation Amount and the Day-Count Fraction for the relevant period and rounding the resulting figure to the nearest öre (half an öre being rounded upwards). The amount of interest payable in respect of a Capital Security shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the denomination of such Capital Security without any further rounding.

(c) ***Initial Interest Rate***

The Interest Rate in respect of each Interest Period commencing prior to the First Reset Date is 3.250 per cent. per annum (the “**Initial Interest Rate**”).

The Interest Payment in respect of each such Interest Period will amount to SEK325.00 per Calculation Amount (and any such Interest Payment may be deferred in accordance with Condition 5). The first payment of interest, to be made on 4 October 2018, will be in respect of the period from (and including) the Issue Date to (but excluding) 4 October 2018 and will amount to SEK487.50 per Calculation Amount.

(d) ***Reset Interest Rates***

The Interest Rate in respect of each Interest Period falling in a Reset Period shall be the aggregate of the relevant Margin and the relevant 5 Year SEK Mid-Swap Rate for such Reset Period, all as determined by the Calculation Agent (each a “**Reset Interest Rate**”).

(e) ***Determination of Reset Interest Rates and Calculation of Interest Amounts***

The Calculation Agent shall, at or as soon as practicable after 12.00 p.m. (London time) on each Reset Interest Determination Date, determine the Reset Interest Rate in respect of the Reset Period commencing immediately following such Reset Interest Determination Date and shall calculate the amount of interest which will (subject to deferral in accordance with Condition 5) be payable per Calculation Amount in respect of each such Interest Period (the “**Interest Amount**”).

(f) ***Publication of Reset Interest Rates and Interest Amounts***

Unless the Capital Securities are to be redeemed, the Issuer shall cause notice of each Reset Interest Rate and the related Interest Amount to be given to the Fiscal Agent, the Paying Agents, any stock exchange on which the Capital Securities are for the time being listed or admitted to trading and, in accordance with Condition 17, the Holders, in each case as soon as practicable after its determination but in any event not later than the first Business Day of the relevant Reset Period.

(g) ***Calculation Agent***

The Issuer may from time to time replace the Calculation Agent with another independent financial institution. If the Calculation Agent is unable or unwilling to continue to act as the Calculation Agent or fails to determine a Reset Interest Rate or calculate the related Interest Amount or effect the required publication thereof (in each case as required pursuant to these Conditions), the Issuer shall forthwith appoint another independent financial institution to act as such in its place. The Calculation Agent may not resign its duties or be removed without a successor having been appointed as aforesaid. If the Issuer fails to appoint a successor Calculation Agent in a timely manner, then the Calculation Agent shall be entitled to appoint as its successor a reputable financial institution of good standing which the Issuer shall approve.

(h) ***Determinations of Calculation Agent Binding***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 by the Calculation Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Calculation Agent, the Paying Agents and all Holders and Couponholders and (in the absence of wilful default and bad faith) no liability to the Holders, the Couponholders or the Issuer shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

(i) ***Step-up after first Change of Control Event***

Notwithstanding any other provision of this Condition 4, if the Issuer does not elect to redeem the Capital Securities in accordance with Condition 6(e) following the occurrence of a Change of Control Event, the then prevailing Interest Rate, and each subsequent Interest Rate otherwise determined in accordance with the provisions of this Condition 4, on the Capital Securities shall be increased by 5.00 per cent. per annum with effect from (and including) the day immediately following the Change of Control Step-up Date.

## **5 Optional Interest Deferral**

(a) ***Deferral of Interest Payments***

The Issuer may, at any time and at its sole discretion, elect to defer any Interest Payment, in whole but not in part, which is otherwise scheduled to be paid on an Interest Payment Date (except on the Maturity Date or any other Interest Payment Date on which the Capital Securities are to be redeemed) by giving notice (a “**Deferral Notice**”) of such election to the Holders in accordance with Condition 17, the Fiscal Agent and the Paying Agents not less than seven Business Days prior to the relevant Interest Payment Date.

Any Interest Payment so deferred pursuant to this Condition 5(a) shall, from (and including) the Interest Payment Date on which such Interest Payment would (but for its deferral) have been payable to (but excluding) the date on which it is paid in full, itself bear interest at the Interest Rate prevailing from time to time (which interest shall compound on each Interest Payment Date) and, for so long as the same remains unpaid, such deferred interest (together with the interest accrued thereon) shall constitute “**Deferred Interest**”.

The deferral of an Interest Payment in accordance with this Condition 5(a) shall not constitute a default by the Issuer under the Capital Securities or for any other purpose.

(b) ***Settlement of Deferred Interest***

*Optional Settlement*

Deferred Interest may be paid (in whole but not in part) at any time at the option of the Issuer following delivery of a notice to such effect given by the Issuer to the Holders in accordance with Condition 17, the Fiscal Agent and the Paying Agents not less than seven Business Days prior to the date (to be specified in such notice) on which the Issuer will pay such Deferred Interest.

*Mandatory settlement*

The Issuer shall pay any Deferred Interest, in whole but not in part, on the first to occur of the following dates:

- (i) the 10th Business Day following the date on which a Deferred Interest Payment Event occurs;
- (ii) any Interest Payment Date in respect of which the Issuer does not elect to defer all of the interest accrued in respect of the relevant Interest Period; and
- (iii) the date on which the Capital Securities are redeemed or repaid in accordance with Condition 6 or Condition 11.

Notice of any Deferred Interest Payment Event shall be given by the Issuer to the Holders in accordance with Condition 17, the Fiscal Agent and the Paying Agents within three Business Days of such event.

## **6 Redemption**

(a) ***Final Redemption Date***

Unless previously repaid, redeemed or purchased and cancelled as provided in these Conditions, the Capital Securities will be redeemed on the Maturity Date at their principal amount together with any Deferred Interest and any other accrued and unpaid interest up to (but excluding) the Maturity Date.

(b) ***Issuer's Call Option***

The Issuer may, by giving not less than 30 nor more than 60 days' notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 17, the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all, but not some only, of the Capital Securities on the First Reset Date or on any Interest Payment Date thereafter at their principal amount together with any Deferred Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

Upon the expiry of such notice, the Issuer shall redeem the Capital Securities.

(c) ***Redemption upon a Tax Deductibility Event or a Capital Event***

If a Tax Deductibility Event or a Capital Event has occurred and is continuing, the Issuer may, by giving not less than 30 nor more than 60 days' notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 17, the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Condition 8, redeem all, but not some only, of the Capital Securities at any time at an amount equal to:

- (i) 101 per cent. of their principal amount, where such redemption occurs before the First Reset Date;  
or

- (ii) 100 per cent. of their principal amount, where such redemption occurs on or after the First Reset Date,

together, in each case, with any Deferred Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

Upon the expiry of such notice, the Issuer shall redeem the Capital Securities.

**(d) *Redemption upon a Withholding Tax Event or a Substantial Repurchase Event***

If a Withholding Tax Event has occurred and is continuing, or if a Substantial Repurchase Event has occurred, the Issuer may, by giving not less than 30 nor more than 60 days' notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 17, the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Condition 8, redeem all, but not some only, of the Capital Securities at any time at their principal amount together with any Deferred Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

Upon the expiry of such notice, the Issuer shall redeem the Capital Securities.

**(e) *Redemption for Change of Control Event***

If a Change of Control Event has occurred and is continuing, the Issuer may, by giving not less than 30 nor more than 60 days' notice (the "**Change of Control Notice**") to the Fiscal Agent, the Paying Agents and, in accordance with Condition 17, the Holders (which notice shall be irrevocable and specify the Change of Control Redemption Date) and subject to Condition 8, redeem all, but not some only, of the Capital Securities at their principal amount together with any Deferred Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

The Issuer shall redeem the Capital Securities on the Change of Control Redemption Date, failing which Condition 4(i) shall apply.

*For so long as the Capital Securities remain outstanding, if (i) a Change of Control Event occurs and (ii), as a result of the Change of Control Event, the Issuer elects to redeem the Capital Securities pursuant to Condition 6(e) above, the Issuer intends (without thereby assuming a legal or contractual obligation) to launch a tender offer for its outstanding senior unsecured obligations that do not include a form of holder 'put option' (howsoever defined) exercisable upon the occurrence of an event the same as or substantially similar (as determined by the Issuer) to a Change of Control Event (together, the **Senior Securities**) at 100 per cent. of their aggregate principal amount plus accrued and unpaid interest. Such tender offer shall be made available, subject to all applicable laws, to all holders of the Senior Securities and will be effected in such a manner as to ensure that the purchase of any such Senior Securities, which are validly tendered pursuant to the tender offer, is completed prior to the redemption of the Capital Securities pursuant to Condition 6(e) above.*

## **7 Substitution or Variation**

If at any time a Tax Deductibility Event, a Capital Event or a Withholding Tax Event has occurred on or after the Issue Date and is continuing, then the Issuer may, subject to Condition 8 (without any requirement for the consent or approval of the Holders or Couponholders) and having given not less than 30 nor more than 60 days' notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 17, the Holders (which notice shall be irrevocable), at any time either:

- (i) substitute all, but not some only, of the Capital Securities for Qualifying Capital Securities; or

- (ii) vary the terms of the Capital Securities with the effect that they remain or become, as the case may be, Qualifying Capital Securities.

Upon expiry of such notice, the Issuer shall either vary the terms of or, as the case may be, substitute the Capital Securities in accordance with this Condition 7.

In connection with any substitution or variation in accordance with this Condition 7, the Issuer shall comply with the rules of any stock exchange on which the Capital Securities are for the time being listed or admitted to trading.

## **8 Preconditions to Special Event Redemption, Change of Control Event Redemption, Substitution and Variation**

Prior to the publication of any notice of redemption pursuant to Condition 6 (other than redemption pursuant to Condition 6(b)) or any notice of substitution or variation pursuant to Condition 7, the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer stating:

- (i) that the relevant requirement or circumstance giving rise to the right to redeem, substitute or vary (as the case may be) the Capital Securities is satisfied;
- (ii) in the case of a Withholding Tax Event, that the Issuer is unable to avoid paying additional amounts by taking measures reasonably available to it; and
- (iii) in the case of a substitution or variation pursuant to Condition 7, that:
  - (a) the Issuer has determined that the terms of the Qualifying Capital Securities are not materially less favourable to Holders than the terms of the Capital Securities and that determination was reasonably reached by the Issuer in consultation with an independent investment bank, independent financial adviser or legal counsel of international standing;
  - (b) the criteria specified in paragraphs (a) to (h) of the definition of Qualifying Capital Securities will be satisfied by the Qualifying Capital Securities upon issue; and
  - (c) the relevant substitution or variation (as the case may be) will not result in the occurrence of a Special Event.

In addition, in the case of a Tax Event or a Withholding Tax Event, the Issuer shall deliver to the Fiscal Agent an opinion of independent legal or other tax advisers to the effect that the relevant requirement or circumstance giving rise to the right to redeem, substitute or vary is satisfied (save, in the case of a Withholding Tax Event, as to whether reasonable measures to avoid paying additional amounts are available to the Issuer). Such certificate and, if applicable, opinion, shall be conclusive and binding on the Holders and the Couponholders.

Any redemption of the Capital Securities in accordance with Condition 6 shall be conditional on all Deferred Interest being paid in full in accordance with the provisions of Condition 5(b)(iii) on or prior to the date of such redemption.

## 9 Purchases and Cancellation

### (a) *Purchases*

Each of the Issuer and any of its Subsidiaries may at any time purchase beneficially for its account any or all Capital Securities in any manner and at any price. In each case, purchases will be made together with all unmatured Coupons and Talons appertaining thereto.

All Capital Securities purchased by the Issuer or any of its Subsidiaries may, at the option of the Issuer or such Subsidiary, be held, reissued, resold or surrendered for cancellation (together with all unmatured Coupons and all unexchanged Talons attached to them) to a Paying Agent.

### (b) *Cancellation*

All Capital Securities redeemed or substituted by the Issuer pursuant to Condition 6 or Condition 7, as the case may be, and all Capital Securities purchased and surrendered for cancellation pursuant to Condition 9(a), (in each case, together with all unmatured Coupons and unexchanged Talons relating thereto) will forthwith be cancelled.

Capital Securities held by the Issuer and/or any of its Subsidiaries shall not entitle the Holder to vote at any meeting of Holders and shall be deemed not to be outstanding for the purposes of calculating quorums at meetings of Holders or for any other purpose specified in Condition 14.

## 10 Payments

### (a) *Method of Payment*

- (i) Payments of principal, premium and interest will be made against presentation and surrender of Capital Securities or the appropriate Coupons (as the case may be) at the specified office of any of the Paying Agents except that payments of interest in respect of any period not ending on an Interest Payment Date will only be made against presentation and either surrender or endorsement (as appropriate) of the relevant Capital Securities. Such payments will be made by transfer to a Swedish krona account maintained by the payee with a bank in Stockholm.
- (ii) Upon the due date for redemption of any Capital Security, unmatured Coupons relating to such Capital Security (whether or not attached) shall become void and no payment shall be made in respect of them. Where any Capital Security is presented for redemption without all unmatured Coupons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (iii) On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Capital Securities, the Talon forming part of such Coupon sheet may be surrendered at the specified office of any of the Paying Agents in exchange for a further Coupon sheet (to include another Talon for a further Coupon sheet, if appropriate) (but excluding any Coupons that may have become void pursuant to Condition 13).

### (b) *Payments Subject to Fiscal Laws*

Payments will be subject in all cases to any (i) fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 12 and (ii) withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code,

any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto (“**FATCA Withholding**”).

(c) ***Days for Payments***

A Capital Security or Coupon may only be presented for payment on a day on which commercial banks and foreign exchange markets are open in the place of presentation, London and Stockholm (a “**Payment Day**”). If a due date for payment falls on a day which is not a Payment Day, then the payment shall be available to Holders from the first Payment Day following such due date. No further interest or other payment will be made as a consequence of the day on which the Capital Security or Coupon may be presented for payment under this paragraph falling after the due date.

(d) ***Interpretation of principal, premium and interest***

References in these Conditions to principal, premium, Interest Payments, Deferred Interest and/or any other amount in respect of interest shall be deemed to include any additional amounts which may become payable pursuant to Condition 12.

## **11 Default and Enforcement**

(a) ***Proceedings***

Without prejudice to the Issuer’s right to defer the payment of interest under Condition 5(a), if a default is made by the Issuer for a period of 30 days or more in relation to the payment of any interest, principal or premium in respect of the Capital Securities which is due and payable, then the Issuer shall be deemed to be in default under the Capital Securities and the Coupons and any Holder may institute proceedings for an Issuer Winding-up.

In the event of an Issuer Winding-up, a Holder may, provided such Holder does not contravene a previously adopted Extraordinary Resolution (if any), prove and/or claim in such Issuer Winding-up in respect of the Capital Securities, such claim being for such amount, and being subordinated in such manner, as is provided under Condition 3(a).

(b) ***Enforcement***

Any Holder may at its discretion and without further notice institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Capital Securities or the Coupons but in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

(c) ***Extent of Holders’ Remedy***

No remedy against the Issuer, other than as referred to in this Condition 11, shall be available to the Holders or Couponholders, whether for the recovery of amounts owing in respect of the Capital Securities or the Coupons or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Capital Securities or the Coupons.

## **12 Taxation**

All payments of principal, premium and interest (including Deferred Interest) in respect of the Capital Securities and the Coupons will be made without withholding or deduction for, or on account of, any present or future taxes or duties (“**Taxes**”) of whatever nature imposed or levied by or on behalf of Sweden or any

political subdivision or any authority thereof or therein having power to tax, unless the withholding or deduction of the Taxes is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Holders or the Couponholders after such withholding or deduction shall equal the respective amounts of principal, premium and interest (including Deferred Interest) which would otherwise have been receivable in respect of the Capital Securities or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable in relation to any payment in respect of any Capital Security or Coupon:

- (a) presented for payment by or on behalf of a Holder or Couponholder who is liable for such Taxes in respect of such Capital Security or Coupon by reason of such Holder having some connection with Sweden other than the mere holding of such Capital Security or Coupon; or
- (b) presented for payment more than 30 days after the Relevant Date except to the extent that the Holder or Couponholder would have been entitled to additional amounts on presenting the same for payment on such 30th day.

Notwithstanding any other provision of the Conditions, any amounts to be paid on the Capital Securities by or on behalf of the Issuer, will be paid net of any deduction or withholding imposed or required pursuant to any FATCA Withholding. Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

### **13 Prescription**

Claims against the Issuer in respect of the Capital Securities and Coupons (which for this purpose shall not include Talons) will become void unless presented for payment or made, as the case may be, within a period of 10 years in the case of Capital Securities (in respect of claims relating to principal and premium) and five years in the case of Coupons (in respect of claims relating to interest, including Deferred Interest) from the Relevant Date relating thereto. There shall be no prescription period for Talons but there shall not be included in any Coupon sheet issued in exchange for a Talon any Coupon the claim in respect of which would be void pursuant to this Condition 13 or Condition 10(a)(iii).

### **14 Meetings of Holders, Modification and Waiver**

The Agency Agreement contains provisions for convening meetings of the Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Capital Securities, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer or Holders holding not less than five per cent. in nominal amount of the Capital Securities for the time being outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Capital Securities for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders whatever the nominal amount of the Capital Securities so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Capital Securities or Coupons (including, *inter alia*, the provisions regarding subordination referred to in Condition 3, the terms concerning currency and due dates for payment of principal, premium or interest (including Deferred Interest) in respect of the Capital Securities and reducing or cancelling the principal amount of any Capital Securities, any premium or any Interest Rate), the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in nominal amount of the Capital Securities for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Holders shall be binding on all the Holders, whether or not they are present at the meeting, and on all Couponholders.

The Agency Agreement provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority of at least 75 per cent. of the votes cast, (ii) a resolution in writing signed by or on behalf of the Holders representing 75 per cent. or more in nominal amount of the Capital Securities for the time being outstanding or (iii) consent given by way of electronic consents through relevant clearing systems (in a form satisfactory to the Fiscal Agent) by or on behalf of the Holders representing 75 per cent. or more in nominal amount of the Capital Securities for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Holders.

The agreement or approval of the Holders shall not be required in the case of any variation of these Conditions required to be made in the circumstances described in Condition 7 in connection with the substitution or variation of the terms of the Capital Securities so that they remain or become Qualifying Capital Securities.

The Fiscal Agent and the Issuer may agree, without the consent of the Holders or Couponholders, to:

- (i) any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of the Agency Agreement which is not prejudicial to the interests of the Holders (which will not include, for the avoidance of doubt, any provision entitling the Holders to institute proceedings for an Issuer Winding-up in circumstances which are more extensive than those set out in Condition 11); or
- (ii) any modification of the Capital Securities, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated.

Any such modification, authorisation or waiver shall be binding on the Holders and the Couponholders and any such modification shall be notified to the Holders in accordance with Condition 17, as soon as practicable.

## **15 Issuer Substitution**

The Issuer, or any previously substituted company, may at any time, without the consent of the Holders or the Couponholders, substitute for itself as principal debtor under the Capital Securities and the Coupons on a subordinated basis equivalent to that referred to in Conditions 2 and 3 such company (the “**Substitute**”) in the manner specified in the Agency Agreement, provided that no payment in respect of the Capital Securities or the Coupons is at the relevant time overdue. Such substitution shall be made by a deed poll (the “**Deed Poll**”), to be substantially in the form exhibited to the Agency Agreement, and may take place only if:

- (a) the Substitute shall, by means of the Deed Poll, agree to indemnify each Holder and Couponholder against any Taxes which are imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute's residence for tax purposes and/or, if different, of its incorporation with respect to any Capital Security or Coupon and which would not have been so imposed had the substitution not been made, as well as against any Taxes and any cost or expense, relating to the substitution;
- (b) in the event that all the assets and liabilities of the Issuer are not assumed by the Substitute, the obligations of the Substitute under the Deed Poll, the Capital Securities and the Coupons shall be unconditionally and irrevocably guaranteed by the Issuer on the same subordinated basis as the Capital Securities under Condition 3 by means of the Deed Poll;
- (c) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Capital Securities and Coupons represent valid,

legally binding and enforceable obligations of the Substitute and if applicable, of the Issuer have been taken, fulfilled and done and are in full force and effect;

- (d) the Substitute shall have become party to the Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it;
- (e) each stock exchange which has the Capital Securities listed thereon shall have confirmed that, following the proposed substitution of the Substitute, the Capital Securities would continue to be listed on such stock exchange;
- (f) legal opinions addressed to the Holders shall have been delivered to them (care of the Fiscal Agent) from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in paragraph (i) above and in England as to the fulfilment of the preceding conditions of this Condition 15 and the other matters specified in the Deed Poll; and
- (g) the Issuer shall have given at least 14 days' prior notice of such substitution to the Holders, stating that copies, or, pending execution, the agreed text, of all documents in relation to the substitution which are referred to above, or which might otherwise reasonably be regarded as material to Holders, will be available for inspection at the specified office of each of the Paying Agents.

## **16 Replacement of the Capital Securities, Coupons and Talons**

If any Capital Security, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Fiscal Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Holders in accordance with Condition 17, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Capital Security, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Capital Securities, Coupons or further Coupons) and otherwise as the Issuer may reasonably require.

Mutilated or defaced Capital Securities, Coupons or Talons must be surrendered before any replacement Capital Securities, Coupons or Talons will be issued.

## **17 Notices**

All notices regarding the Capital Securities shall be validly given if published (i) in a leading English language daily newspaper of general circulation in London and (ii) if and for so long as the Capital Securities are admitted to trading on the Luxembourg Stock Exchange's regulated market, and listed on the Official List of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, a daily newspaper of general circulation in Luxembourg and/or the Luxembourg Stock Exchange's website, [www.bourse.lu](http://www.bourse.lu). It is expected that any such publication in a newspaper will be made in the *Financial Times* or any other daily newspaper in London and the *Luxemburger Wort* in Luxembourg. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other stock exchange (or any other relevant authority) on which the Capital Securities are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in each such newspaper or where published in such newspapers on different dates, the last date of such first publication.

## 18 Further Issues

The Issuer shall be at liberty from time to time without the consent of the Holders or the Couponholders to create and issue further securities (“**Further Capital Securities**”) having terms and conditions the same as the Capital Securities or the same in all respects save for the amount and date of the first payment of interest on such Further Capital Securities and so that such Further Capital Securities shall be consolidated and form a single series with the outstanding Capital Securities.

## 19 Paying Agents

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

- (a) there will at all times be a Fiscal Agent; and
- (b) so long as the Capital Securities are listed on any stock exchange, there will at all times be a Paying Agent (which may be the Fiscal Agent) having a specified office outside Sweden in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority).

Notice of any such termination or appointment and of any change in the specified offices of the Paying Agents will be given to the Holders in accordance with Condition 17.

## 20 Governing Law and Submission to Jurisdiction

The Agency Agreement, the Capital Securities, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, the laws of England and Wales, other than the provisions of Condition 3(a) and any non-contractual obligations arising out of or in connection with them which are governed by, and shall be construed in accordance with, the laws of Sweden.

The Issuer hereby agrees for the exclusive benefit of the Paying Agents, the Calculation Agent, the Holders and the Couponholders, that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Agency Agreement, the Capital Securities and the Coupons (including any disputes relating to any non-contractual obligations arising out of, or in connection with them) and that accordingly any suit, action or proceedings arising out of or in connection therewith (together referred to as “**Proceedings**”) may be brought in the courts of England.

The Issuer hereby irrevocably waives any objection which it may have now or subsequently to the laying of the venue of any Proceedings in the courts of England and any claim that any Proceedings have been brought in an inconvenient forum and further irrevocably agrees that a judgment in any Proceedings brought in the courts of England shall be conclusive and binding upon the Issuer and may be enforced in the courts of any other jurisdiction. To the extent permitted by law, nothing in this Condition 20 shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

The Issuer appoints TeliaSonera International Carrier UK Limited at its office at 95 Cromwell Road, London SW7 4DL as its agent in England for service of process and undertakes that, in the event of TeliaSonera International Carrier UK Limited ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceeding.

Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

## 21 Contracts (Rights of Third Parties) Act 1999

The Capital Securities confer no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Capital Securities, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

## 22 Definitions

In these Conditions:

“**5 Year SEK Mid-Swap Rate**” means, with respect to a Reset Period:

- (a) the mid swap rate for Swedish krona swap transactions with a maturity of 5 years (“**5 Year SEK Mid-Swap**”), as published on Reuters screen “TGM42287” under “FIXED VS. 3M STIBOR” (or such other page or service as may replace it for the purposes of displaying European swap rates of leading reference banks for swaps in Swedish krona) (the “**Mid-Swap Page**”), as at approximately 12.00 p.m. (London time) on the Reset Interest Determination Date applicable to such Reset Period; or
- (b) if, on the Reset Interest Determination Date applicable to such Reset Period, no rate is calculated and published on the Mid-Swap Page, the arithmetic mean (rounded if necessary, to the nearest second decimal place, with 0.005 being rounded upwards) of the quotations offered by the Reset Reference Banks at approximately 12.00 p.m. (London time) on such Reset Interest Determination Date, to prime banks in the European market for 5 Year SEK Mid-Swap in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; provided that if fewer than two rates are so quoted, the 5 Year SEK Mid-Swap Rate shall be the 5 Year SEK Mid-Swap Rate determined by the Calculation Agent for the previous Reset Period or, in the case of the first Reset Interest Determination Date, 0.362 per cent.

“**2027 Step-up Date**” means 4 October 2027;

“**2042 Step-up Date**” means 4 October 2042;

“**Affected Senior Securities**” means any of the Issuer’s senior unsecured obligations that include a form of holder ‘put option’ (howsoever defined) (“**Put Option**”) exercisable upon the occurrence of an event the same as or substantially similar (as determined by the Issuer) to a Change of Control Event;

“**Agency Agreement**” has the meaning given to it in the preamble to these Conditions;

“**Business Day**” means a day, other than a Saturday, Sunday or public holiday, on which commercial banks and foreign exchange markets are open for general business in London and Stockholm;

“**Calculation Agent**” means Citibank, N.A., London Branch, or any successor appointed in accordance with the Paying Agency Agreement;

“**Calculation Amount**” has the meaning given to it in Condition 4(b);

a “**Capital Event**” shall be deemed to occur if the Issuer has received confirmation from any Rating Agency either directly or via a publication by such Rating Agency, that an amendment, clarification or change has occurred in the equity credit criteria of such Rating Agency effective after the Issue Date (or effective after the date when the equity credit is assigned for the first time, as applicable) and this has resulted in lower

equity credit (or such other nomenclature that the relevant Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) for the Capital Securities than the equity credit assigned on the Issue Date (or if equity credit is not assigned on the Issue Date, at the date when the equity credit is assigned for the first time);

“**Capital Securities**” has the meaning given in the preamble to these Conditions;

a “**Change of Control Event**” shall be deemed to occur if:

- (i) any person or any persons acting in concert (as defined in the United Kingdom's City Code on Takeovers and Mergers) or any person or persons acting on behalf of such person(s) (the “**Relevant Person**”) at any time directly or indirectly own(s) or acquire(s): (A) more than 50 per cent. of the issued or allotted ordinary share capital of the Issuer or (B) such number of shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights attached to the issued or allotted share capital of the Issuer that are normally exercisable at a general meeting of the Issuer (each, a “**Change of Control**”), provided that a Change of Control shall be deemed not to have occurred if all or substantially all of the shareholders of the Relevant Person are, or immediately prior to the event which would otherwise have constituted a Change of Control were, the shareholders of the Issuer with the same (or substantially the same) pro rata interest in the share capital of the Relevant Person as such shareholders have, or as the case may be, had in the share capital of the Issuer; and
- (ii) on the date (the “**Relevant Announcement Date**”) that is the earlier of (x) the date of the first public announcement of the relevant Change of Control; and (y) the date of the earliest Relevant Potential Change of Control Announcement (if any), any of the Issuer's senior unsecured obligations carry from either of Moody's Investor Services Limited (“**Moody's**”) and/or Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. (“**Standard & Poor's**”) and/or any of their respective successors or affiliates or any other rating agency (each a “**Substitute Rating Agency**”) of equivalent international standing specified by the Issuer (each, a “**rating agency**”),
  - (A) an investment grade credit rating (Baa3/BBB-, or equivalent, or better), and such rating from any rating agency is within the Change of Control Period either downgraded to a non-investment grade credit rating (Ba1/BB+, or equivalent, or worse) or withdrawn and is not within the Change of Control Period subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to investment grade credit ratings by such rating agency; or
  - (B) a non-investment grade credit rating (Ba1/BB+, or equivalent, or worse), and such rating from any rating agency is within the Change of Control Period either downgraded by one or more notches (for illustration, Ba1/BB+ to Ba2/BB being one notch) or withdrawn and is not within the Change of Control Period subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to its earlier credit rating or better by such rating agency; or
  - (C) no credit rating, and no credit rating from another rating agency and no rating agency assigns within the Change of Control Period an investment grade credit rating to the Issuer's senior unsecured obligations,

provided that if on the Relevant Announcement Date (a) any of the Issuer's senior unsecured obligations carry a credit rating from more than one rating agency, at least one of which is investment grade, then sub paragraph (A) will apply and (b) if none of the Issuer's senior unsecured obligations carry a credit rating which is investment grade but any of the Issuer's senior unsecured obligations carry a credit rating from more than one rating agency which is non-investment grade then sub paragraph (B) will apply; and

(iii) in making the relevant decision(s) referred to above, each relevant rating agency announces publicly or confirms in writing to the Issuer that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control or the Relevant Potential Change of Control Announcement. Upon receipt by the Issuer of any such written confirmation, the Issuer shall forthwith give notice of such written confirmation to the Holders in accordance with Condition 17.

If the rating designations employed by either of Moody's or Standard and Poor's are changed from those which are described in paragraph (ii) above, or if a rating is procured from a Substitute Rating Agency, the Issuer shall determine the rating designations of Moody's or Standard and Poor's or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody's or Standard and Poor's and paragraph (ii) above shall be read accordingly.

**"Change of Control Period"** means the period commencing on the Relevant Announcement Date and ending 90 days after the Change of Control (or such longer period during which any of the Issuer's senior unsecured obligations are under consideration (such consideration having been announced publicly within the period ending 90 days after the Change of Control) for rating review or, as the case may be, rating by a rating agency, such period not to exceed 60 days after the public announcement of such consideration);

**"Change of Control Redemption Date"** means the date fixed by the Issuer and specified in the Change of Control Notice which shall be no earlier than either (i) if any Affected Senior Securities are outstanding, 60 clear days following the Change of Control Event; or (ii) if no Affected Senior Securities are outstanding, 30 clear days following the Change of Control Event.

**"Change of Control Step-up Date"** means either (i) if any Affected Senior Securities are outstanding, 60 clear days following the Change of Control Event or (ii) if no Affected Senior Securities are outstanding, 30 clear days following the Change of Control Event.

**"Conditions"** means these terms and conditions of the Capital Securities, as amended from time to time;

**"Coupon"** has the meaning given in the preamble to these Conditions;

**"Couponholder"** has the meaning given in the preamble to these Conditions;

**"Day-Count Fraction"** means **"30E/360"**, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

“**Deferral Notice**” has the meaning given in Condition 5(a);

“**Deferred Interest**” has the meaning given in Condition 5(a);

A “**Deferred Interest Payment Event**” means any one or more of the following events:

- (a) declaration or payment of any distribution or dividend or any other payment made by the Issuer on its share capital or any other obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities or any Parity Security;
- (b) declaration or payment of any distribution or dividend or any other payment made by the Issuer or any Subsidiary of the Issuer, as the case may be, on any Parity Securities;
- (c) redemption, repurchase, repayment, cancellation, reduction or other acquisition by the Issuer or any Subsidiary of the Issuer of any shares of the Issuer or any other obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities or any Parity Security; and/or
- (d) redemption, repurchase, repayment, cancellation, reduction or other acquisition by the Issuer or any Subsidiary of the Issuer of any Parity Securities,

save for:

- (i) in each case, any compulsory distribution, dividend, other payment, redemption, repurchase, repayment, cancellation, reduction or other acquisition required by the terms of such securities or by mandatory operation of applicable law;
- (ii) in the case of (c) above only, any redemption, repurchase, repayment, cancellation, reduction or other acquisition executed in connection with, or for the purpose of (1) any reduction of the quota value of the share capital of the Issuer without a corresponding return of cash, capital or assets to shareholders of the Issuer or (2) any share buyback programme then in force and duly approved by the shareholders’ general meeting of the Issuer or the relevant Subsidiary of the Issuer (as applicable) or any existing or future stock option plan or free share allocation plan or other incentive plan, in all cases, reserved for directors, officers and/or employees of the Issuer or the relevant Subsidiary of the Issuer or any associated hedging transaction; and
- (iii) in the case of (d) above only, any redemption, repurchase, repayment, cancellation, reduction or other acquisition executed in whole or in part in the form of a public tender offer or public exchange offer at a consideration per Parity Security below its par value;

“**EUR**” means the lawful currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended

“**EUR NC6 Fixed Rate Reset Capital Securities**” means the Issuer’s €900,000,000 Subordinated Fixed Rate Reset 6 year Non-Call Capital Securities due 2078 (ISIN: XS1590787799);

“**FATCA Withholding**” has the meaning given in Condition 10(b);

“**Fiscal Agent**” has the meaning given to it in the preamble to these Conditions;

“**First Reset Date**” means 4 October 2022;

“**Further Capital Securities**” has the meaning given in Condition 18;

“**Holder**” has the meaning given in the preamble to these Conditions;

“**Initial Interest Rate**” has the meaning given in Condition 4(c);

“**Interest Amount**” has the meaning given in Condition 4(e);

“**Interest Payment**” means, in respect the payment of interest on an Interest Payment Date, the amount of interest payable on the presentation and surrender of the Coupon for the relevant Interest Period in accordance with Condition 4;

“**Interest Payment Date**” has the meaning given in Condition 4(a);

“**Interest Period**” means the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date and each successive period from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date;

“**Interest Rate**” means the Initial Interest Rate or the relevant Reset Interest Rate, as the case may be;

“**Issue Date**” has the meaning given in Condition 4(a);

“**Issuer**” means Telia Company AB (publ);

“**Issuer Winding-up**” has the meaning given in Condition 3(a);

“**Margin**” means:

- (a) in respect of the period from (and including) the First Reset Date to (but excluding) the 2027 Step-up Date, 2.900 per cent.;
- (b) in respect of the period from (and including) the 2027 Step-up Date to (but excluding) the 2042 Step-up Date, 3.150 per cent.; and
- (c) in respect of the period from (and including) the 2042 Step-up Date to (but excluding) the Maturity Date, 3.900 per cent.;

“**Maturity Date**” means 4 October 2077;

“**Parity Securities**” means any obligations of:

- (i) the Issuer, issued directly or indirectly by it, which rank, or are expressed to rank, *pari passu* with the Capital Securities (and which shall include, for so long as any of the same remain outstanding, the SEK NC5.5 Floating Rate Capital Securities and the EUR NC6 Fixed Rate Reset Capital Securities); and
- (ii) any Subsidiary of the Issuer having the benefit of a guarantee or support agreement from the Issuer which ranks or is expressed to rank *pari passu* with the Capital Securities;

“**Paying Agents**” has the meaning given to it in the preamble to these Conditions;

“**Payment Day**” has the meaning given to it in Condition 10(c);

**“Qualifying Capital Securities”** means securities that contain terms not materially less favourable to Holders than the terms of the Capital Securities (as reasonably determined by the Issuer in consultation with an independent investment bank, independent financial adviser or legal counsel of international standing) and provided that a certification to such effect (and confirming that the conditions set out in (a) to (h) below have been satisfied) of two authorised signatories of the Issuer shall have been delivered to the Fiscal Agent prior to the substitution or variation of the Capital Securities), provided that:

- (a) they shall be issued by the Issuer or by any wholly-owned direct or indirect finance Subsidiary of the Issuer with a guarantee of the Issuer; and
- (b) they (and/or, as appropriate, the guarantee as aforesaid) shall rank *pari passu* on an Issuer Winding-up with the ranking of the Capital Securities; and
- (c) they shall contain terms which provide for the same interest rate from time to time applying to the Capital Securities and preserve the same Interest Payment Dates; and
- (d) they shall preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Capital Securities, including (without limitation) as to timing of, and amounts payable upon, such redemption; and
- (e) they shall preserve any existing rights under the Capital Securities to any accrued interest, any Deferred Interest and any other amounts payable under the Capital Securities which, in each case, has accrued to Holders and not been paid; and
- (f) they shall not contain terms providing for the mandatory deferral of interest and shall not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares; and
- (g) they shall, immediately after such exchange or variation, be assigned at least the same credit rating(s) by the same Rating Agencies as may have been assigned to the Capital Securities immediately prior to such exchange or variation (if any); and
- (h) they shall otherwise contain substantially identical terms (as reasonably determined by the Issuer) to the Capital Securities, save where any modifications to such terms are required to be made to avoid the occurrence or effect of, a Tax Deductibility Event, a Capital Event or, as the case may be, a Withholding Tax Event; and
- (i) they shall be (A) listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange’s regulated market or (B) admitted to trading on any other regulated market for the purposes of Directive 2004/39/EC as selected by the Issuer on, or as soon as reasonably practicable after issue;

**“Rating Agency”** means Moody’s, Standard and Poor’s and any other rating agency of equivalent international standing requested by the Issuer to grant a corporate credit rating to the Issuer and, in each case, their successors or affiliates;

**“Relevant Date”** means:

- (i) in respect of any payment other than a sum to be paid by the Issuer in an Issuer Winding-up, the date on which such payment first becomes due and payable but, if the full amount of the moneys payable on such date has not been duly received by the Fiscal Agent on or prior to such date, the Relevant Date means the date on which such moneys shall have been so received and notice to that effect shall have been given to the Holders by or on behalf of the Issuer in accordance with Condition 17; and

(ii) in respect of any sum to be paid by or on behalf of the Issuer in an Issuer Winding-up, the date which is one day prior to the date on which an order is made or a resolution is passed for such Issuer Winding-up;

“**Relevant Potential Change of Control Announcement**” means any public announcement or statement by the Issuer, any actual or potential bidder or any adviser thereto relating to any potential Change of Control where within 180 days following the date of such announcement or statement, a Change of Control occurs.

“**Reset Date**” means the First Reset Date and each fifth anniversary thereof up to and including 4 October 2072;

“**Reset Interest Determination Date**” means, with respect to a Reset Period, the day falling two Business Days prior to the Reset Date on which such Reset Period commences;

“**Reset Interest Rate**” has the meaning given in Condition 4(d);

“**Reset Period**” means each period from (and including) a Reset Date to (but excluding) the next succeeding Reset Date thereafter;

“**Reset Reference Banks**” means four major banks in the European inter-bank market selected by the Issuer or the Calculation Agent (in consultation with the Issuer);

“**SEK NC5.5 Floating Rate Capital Securities**” means the Issuer’s SEK5,000,000,000 Subordinated Floating Rate 5.5 year Non-Call Capital Securities due 2077 (ISIN: XS1590783533);

“**Special Event**” means any of a Tax Deductibility Event, a Substantial Repurchase Event, a Capital Event, a Withholding Tax Event, or any combination of the foregoing;

“**Subordinated Indebtedness**” means any obligation of the Issuer, whether or not having a fixed maturity, which by its terms is, or is expressed to be, subordinated in the event of an Issuer Winding-up to the claims of all unsubordinated creditors of the Issuer but senior to the Capital Securities or to the obligations of the Issuer in respect of any Parity Securities;

“**Subsidiary**” has the meaning provided in the Swedish Companies Act and “**Subsidiaries**” shall be construed accordingly;

a “**Substantial Repurchase Event**” shall be deemed to occur if the Issuer and/or any of its Subsidiaries repurchases and cancels or has at any time repurchased and cancelled, a principal amount of Capital Securities equal to or greater than 80 per cent. of the aggregate principal amount of the Capital Securities initially issued (which shall include, for these purposes, any Further Capital Securities);

“**Swedish Companies Act**” means The Companies Act (*Aktiebolagslagen (2005:551)*);

“**Swedish krona**” or “**SEK**” means the lawful currency of Sweden;

“**Talons**” has the meaning given in the preamble to these Conditions;

“**Tax Deductibility Event**” means the receipt by the Issuer of an opinion of counsel in Sweden (experienced in such matters) to the effect that, as a result of a Tax Law Change, any interest payments under the Capital Securities were, but are no longer, tax-deductible by the Issuer for Swedish tax purposes to the same extent as any unsubordinated obligations of the Issuer;

“**Tax Law Change**” means (a) any amendment to, clarification of, or change in, the laws or treaties (or any regulations thereunder) of Sweden, or any political subdivision or any authority thereof or therein having the power to tax, affecting taxation, (b) any governmental action (c) or any amendment to, clarification of, or change in the official position or the interpretation of such law, treaty (or regulations thereunder) or governmental action or any interpretation, decision or pronouncement that provides for a position with respect to such law, treaty (or regulations thereunder) or governmental action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body in Sweden, irrespective of the manner in which such amendment, clarification, change, action, pronouncement, interpretation or decision is made known, which amendment, clarification or change is effective or such governmental action, pronouncement, interpretation or decision is announced on or after the Issue Date;

“**Taxes**” has the meaning given in Condition 12; and

a “**Withholding Tax Event**” shall be deemed to occur if, as a result of any Tax Law Change, in making any payments on the Capital Securities, the Issuer has paid or will or would on the next Interest Payment Date be required to pay additional amounts on the Capital Securities pursuant to Condition 12 and the Issuer cannot avoid the foregoing by taking reasonable measures available to it.

***The following text in italics does not form part of the Conditions:***

*The Issuer intends (without thereby assuming a legal or contractual obligation) that it will redeem or repurchase the Capital Securities only to the extent they are replaced with instruments with equivalent S&P equity credit. Such replacement would be provided during the 360-day period prior to the date of such redemption or repurchase. The net proceeds received by the Issuer or a Subsidiary of the Issuer from the sale to third party purchasers of securities which are assigned an S&P “equity credit” (or such similar nomenclature used by S&P from time to time) that is at least equal to the equity credit assigned to the Capital Securities by S&P, at the time of sale or issuance of such securities (but taking into account any changes in hybrid capital methodology or another relevant methodology or the interpretation thereof since the issuance of the Capital Securities), will count as replacement.*

*The following exceptions apply as to the Issuer's replacement intention. The Capital Securities are not intended to be replaced:*

- (a) if the rating assigned by S&P to the Issuer is at least A- and the Issuer is comfortable that such rating would not fall below this level as a result of such redemption or repurchase, or*
- (b) in the case of repurchase of less than (x) 10 per cent. of the aggregate principal amount of the Capital Securities originally issued in any period of 12 consecutive months or (y) 25 per cent. of the aggregate principal amount of the Capital Securities originally issued in any period of 10 consecutive years is repurchased, or*
- (c) if the Capital Securities are redeemed pursuant to a Capital Event (to the extent it is triggered by a change of methodology at S&P), a Change of Control Event, a Withholding Tax Event or a Tax Deductibility Event, or*
- (d) if the Capital Securities are not assigned an “equity credit” (or such similar nomenclature then used by S&P at the time of such redemption or repurchase),*
- (e) in the case of any repurchase, up to the maximum amount of Capital Securities repurchased that would allow the Issuer's aggregate principal amount of hybrid capital remaining outstanding after such repurchase to be equal to or greater than the maximum aggregate principal amount of hybrid capital to*

*which S&P would assign “equity credit” (or such similar nomenclature then used by S&P at the time of such repurchase); or*

- (f) *if such redemption or repurchase occurs on or after 4 October 2042, the 2042 Step-Up Date.*

## Terms and Conditions of the SEK NC5.5 Floating Rate Capital Securities

*The following, except for paragraphs in italics, are the terms and conditions of the SEK NC5.5 Floating Rate Capital Securities which will be endorsed on each SEK NC5.5 Floating Rate Capital Security in definitive form (if issued).*

The issue of the SEK5,000,000,000 Subordinated Floating Rate 5.5 year Non-Call Capital Securities due 2077 (the “**Capital Securities**”, which expression shall, unless the context otherwise requires, include any Further Capital Securities issued pursuant to Condition 18 and forming a single series with the Capital Securities) of Telia Company AB (publ) (the “**Issuer**”) was authorised by a resolution of the Board of Directors of the Issuer passed on 8 March 2017. The Capital Securities are issued subject to and with the benefit of an Agency Agreement dated 4 April 2017 (such agreement as amended and/or supplemented and/or restated from time to time, the “**Agency Agreement**”) made between the Issuer, Citibank, N.A., London Branch as the fiscal agent and principal paying agent (the “**Fiscal Agent**”) and the other initial paying agents named in the Agency Agreement (together with the Fiscal Agent, the “**Paying Agents**”).

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Agency Agreement. Copies of the Agency Agreement are available for inspection during normal business hours by the holders of the Capital Securities (the “**Holders**”) and the holders of interest coupons and the talons (“**Talons**”) for further interest coupons appertaining to the Capital Securities (the “**Couponholders**” and the “**Coupons**” (which expressions shall in these Conditions, unless the context otherwise requires, include the holders of the Talons and the Talons respectively) at the specified office of each of the Paying Agents, being at the date of these Conditions at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB. The Holders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. References in these Conditions to the Fiscal Agent and the Paying Agents shall include any successor appointed under the Agency Agreement.

### 1 Form, Denomination and Title

#### (a) *Form and Denomination*

The Capital Securities are serially numbered and in bearer form in the denominations of SEK1,000,000 and integral multiples of SEK10,000 in excess thereof up to and including SEK1,990,000, each with Coupons and a Talon attached on issue. No definitive Capital Securities will be issued with a denomination above SEK1,990,000. Capital Securities of one denomination may not be exchanged for Capital Securities of any other denomination.

#### (b) *Title*

Title to the Capital Securities, Coupons and Talons passes by delivery. The Issuer and any Paying Agent will (except as ordered by a court of competent jurisdiction or as otherwise required by law) deem and treat the bearer of any Capital Security, Coupon or Talon as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and shall not be required to obtain any proof thereof or as to the identity of such bearer.

## 2 Status of the Capital Securities and the Coupons

The Capital Securities and Coupons constitute direct, unsecured and subordinated obligations of the Issuer. The rights and claims of the Holders in respect of the Capital Securities and the Couponholders in respect of the Coupons, in each case against the Issuer, are subordinated as described in Condition 3(a).

## 3 Subordination and rights on a winding-up

### (a) *Rights on a winding-up*

In the event of the voluntary or involuntary liquidation (*likvidation*), bankruptcy (*konkurs*) or company re-construction (*företagsrekonstruktion*) of the Issuer (each an “**Issuer Winding-up**”), the Holders shall, in respect of their Capital Securities, have a claim (in lieu of any other amount) for the principal amount of their Capital Securities and any accrued and unpaid interest (including any Deferred Interest) thereon and such claims will rank:

- (i) *pari passu* without any preference among themselves and with any present or future claims in respect of obligations of the Issuer in respect of Parity Securities;
- (ii) in priority to all present or future claims in respect of (A) any share capital of the Issuer and (B) any other obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities or any Parity Security; and
- (iii) junior to any present or future claims in respect of (A) all unsubordinated obligations of the Issuer and (B) all Subordinated Indebtedness.

*The Issuer does not intend (without thereby assuming a legal or contractual obligation or restriction) to issue any preference shares that would rank junior to the Capital Securities or any Parity Securities.*

### (b) *Set-off*

Subject to applicable law, no Holder or Couponholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Capital Securities or the Coupons and each Holder and Couponholder shall, by virtue of its holding of any Capital Security or Coupon, be deemed to have waived all such rights of set-off, compensation or retention.

## 4 Interest Payments

### (a) *Interest Payment Dates*

The Capital Securities bear interest on their principal amount at the applicable Interest Rate from (and including) 4 April 2017 (the “**Issue Date**”) up to (but excluding) the Maturity Date in accordance with the provisions of this Condition 4.

Subject to Condition 5, interest will be payable on 4 January, 4 April, 4 July and 4 October in each year (each an “**Interest Payment Date**”). The first Interest Payment Date will be 4 July 2017. If any Interest Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day which is a Business Day unless it would then fall into the next calendar month, in which event the Interest Payment Date shall be brought forward to the immediately preceding Business Day. The period from and including the Issue Date to but excluding the first Interest Payment Date, and each

successive period from and including an Interest Payment Date to but excluding the next succeeding Interest Payment Date, is called an “**Interest Period**”.

(b) **Interest Accrual**

The Capital Securities (and any unpaid amounts thereon) will cease to bear interest from (and including) the date of redemption thereof pursuant to the relevant paragraph of Condition 6 or the date of substitution or variation thereof pursuant to Condition 7, as the case may be, unless, upon due presentation, payment of all unpaid amounts in respect of the Capital Securities is not made, in which event interest shall continue to accrue in respect of the principal amount of, and any other unpaid amounts on, the Capital Securities, both before and after judgment, and shall be payable as provided in these Conditions up to (but excluding) the Relevant Date.

(c) **Initial Interest Rate**

The Interest Rate in respect of each Interest Period commencing prior to the 2027 Step-up Date (the “**Initial Interest Rate**”) will be at a rate of 2.900 per cent. per annum above the three-month Stockholm Inter-Bank Offered Rate for SEK deposits for each Interest Period payable quarterly in arrear on the Interest Payment Date for each Interest Period, and will be determined by the Calculation Agent on the basis of the following provisions:

- (i) the Calculation Agent or its duly appointed successor (in such capacity, the Calculation Agent) will determine the rate for 3 month deposits in SEK which appears on Reuters Screen SIDE page under the heading “FIXINGS” (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying comparable rates) as of 11.00 a.m. (Stockholm time) on the second Business Day (as defined below) before the first day of the relevant Interest Period (the “**Interest Determination Date**”);
- (ii) if such rate does not appear on that page, the Calculation Agent will:
  - (A) request the principal Stockholm office of each of four major banks in the Stockholm interbank market, selected by the Calculation Agent in consultation with the Issuer, to provide a quotation of the rate at which deposits in SEK are offered by it in the Stockholm interbank market at approximately 11.00 a.m. (Stockholm time) on the Interest Determination Date to prime banks in the Stockholm interbank market for 3 months and in an amount that is representative for a single transaction in that market at that time; and
  - (B) if at least two such quotations are provided, determine the arithmetic mean (rounded, if necessary, to the fifth decimal place, 0.000005 being rounded upwards) of such quotations; and
  - (C) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean (rounded, if necessary, as aforesaid) of the rates quoted by major banks in Stockholm, selected by the Calculation Agent in consultation with the Issuer, at approximately 11.00 a.m. (Stockholm time) on the first day of the relevant Interest Period for loans in SEK to leading European banks for 3 months and in an amount that is representative for a single transaction in that market at that time.
- (iii) if the rate cannot be determined in accordance with the above provisions, the rate shall be the rate applicable to the immediately preceding Interest Period all as determined by the Calculation Agent.

The Interest Payment in respect of each such Interest Period may be deferred in accordance with Condition 5.

*(d) Calculation of Initial Interest Amount*

The Calculation Agent will, as soon as practicable after the Interest Determination Date in relation to each Interest Period, calculate the amount of interest (the “**Initial Interest Amount**”) payable in respect of each Capital Security for such Interest Period. The Initial Interest Amount will be calculated by applying the Initial Interest Rate for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day-Count Fraction (as defined below), rounding the resulting figure to the nearest öre, half an öre being rounded upwards.

*(e) Publication of Initial Interest Rates and Initial Interest Amounts*

Unless the Capital Securities are to be redeemed, the Issuer shall cause notice of each Initial Interest Rate and the related Initial Interest Amount to be given to the Fiscal Agent, the Paying Agents, any stock exchange on which the Capital Securities are for the time being listed or admitted to trading and, in accordance with Condition 17, the Holders, in each case as soon as practicable after its determination (by no later than the first Business Day of each Interest Period). The Initial Interest Amount and Interest Payment Date may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

*(f) Step-up Interest Rates*

The Interest Rate in respect of the period from (and including) the 2027 Step-up Date to (but excluding) the 2042 Step-up Date will be at a rate of 3.150 per cent. per annum above the three-month Stockholm Inter-Bank Offered Rate for SEK deposits, and the Interest Rate in respect of the period from (and including) the 2042 Step-up Date to (but excluding) the Maturity Date will be at a rate of 3.900 per cent. per annum above the three-month Stockholm Inter-Bank Offered Rate for SEK deposits (each a “**Step-up Interest Rate**”). Each Step-up Interest Rate shall be determined, calculated and published in accordance with Conditions 4(c), 4(d) and 4(e).

*(g) Calculation Agent*

The Issuer may from time to time replace the Calculation Agent with another independent financial institution. If the Calculation Agent is unable or unwilling to continue to act as the Calculation Agent or calculate the related Interest Amount or effect the required publication thereof (in each case as required pursuant to these Conditions), the Issuer shall forthwith appoint another independent financial institution to act as such in its place. The Calculation Agent may not resign its duties or be removed without a successor having been appointed as aforesaid. If the Issuer fails to appoint a successor Calculation Agent in a timely manner, then the Calculation Agent shall be entitled to appoint as its successor a reputable financial institution of good standing which the Issuer shall approve.

*(h) Determinations of Calculation Agent Binding*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 by the Calculation Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Calculation Agent, the Paying Agents and all Holders and Couponholders and (in the absence of wilful default and bad faith) no liability to the Holders, the Couponholders or the Issuer shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

(i) *Step-up after first Change of Control Event*

Notwithstanding any other provision of this Condition 4, if the Issuer does not elect to redeem the Capital Securities in accordance with Condition 6(e) following the occurrence of a Change of Control Event, the then prevailing Interest Rate, and each subsequent Interest Rate otherwise determined in accordance with the provisions of this Condition 4, on the Capital Securities shall be increased by 5.00 per cent. per annum with effect from (and including) the day immediately following the Change of Control Step-up Date.

## 5 **Optional Interest Deferral**

(a) *Deferral of Interest Payments*

The Issuer may, at any time and at its sole discretion, elect to defer any Interest Payment, in whole but not in part, which is otherwise scheduled to be paid on an Interest Payment Date (except on the Maturity Date or any other Interest Payment Date on which the Capital Securities are to be redeemed) by giving notice (a “**Deferral Notice**”) of such election to the Holders in accordance with Condition 17, the Fiscal Agent and the Paying Agents not less than seven Business Days prior to the relevant Interest Payment Date.

Any Interest Payment so deferred pursuant to this Condition 5(a) shall, from (and including) the Interest Payment Date on which such Interest Payment would (but for its deferral) have been payable to (but excluding) the date on which it is paid in full, itself bear interest at the Interest Rate prevailing from time to time (which interest shall compound on each Interest Payment Date) and, for so long as the same remains unpaid, such deferred interest (together with the interest accrued thereon) shall constitute “**Deferred Interest**”.

The deferral of an Interest Payment in accordance with this Condition 5(a) shall not constitute a default by the Issuer under the Capital Securities or for any other purpose.

(b) *Settlement of Deferred Interest*

*Optional Settlement*

Deferred Interest may be paid (in whole but not in part) at any time at the option of the Issuer following delivery of a notice to such effect given by the Issuer to the Holders in accordance with Condition 17, the Fiscal Agent and the Paying Agents not less than seven Business Days prior to the date (to be specified in such notice) on which the Issuer will pay such Deferred Interest.

*Mandatory settlement*

The Issuer shall pay any Deferred Interest, in whole but not in part, on the first to occur of the following dates:

- (i) the 10th Business Day following the date on which a Deferred Interest Payment Event occurs;
- (ii) any Interest Payment Date in respect of which the Issuer does not elect to defer all of the interest accrued in respect of the relevant Interest Period; and
- (iii) the date on which the Capital Securities are redeemed or repaid in accordance with Condition 6 or Condition 11.

Notice of any Deferred Interest Payment Event shall be given by the Issuer to the Holders in accordance with Condition 17, the Fiscal Agent and the Paying Agents within three Business Days of such event.

## **6 Redemption**

### **(a) Final Redemption Date**

Unless previously repaid, redeemed or purchased and cancelled as provided in these Conditions, the Capital Securities will be redeemed on the Maturity Date at their principal amount together with any Deferred Interest and any other accrued and unpaid interest up to (but excluding) the Maturity Date.

### **(b) Issuer's Call Option**

The Issuer may, by giving not less than 30 nor more than 60 days' notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 17, the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all, but not some only, of the Capital Securities on the First Call Date or on any Interest Payment Date thereafter at their principal amount together with any Deferred Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

Upon the expiry of such notice, the Issuer shall redeem the Capital Securities.

### **(c) Redemption upon a Tax Deductibility Event or a Capital Event**

If a Tax Deductibility Event or a Capital Event has occurred and is continuing, the Issuer may, by giving not less than 30 nor more than 60 days' notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 17, the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Condition 8, redeem all, but not some only, of the Capital Securities on any Interest Payment Date at an amount equal to:

- (i) 101 per cent. of their principal amount, where such redemption occurs before the First Call Date; or
- (ii) 100 per cent. of their principal amount, where such redemption occurs on or after the First Call Date,

together, in each case, with any Deferred Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

Upon the expiry of such notice, the Issuer shall redeem the Capital Securities.

### **(d) Redemption upon a Withholding Tax Event or a Substantial Repurchase Event**

If a Withholding Tax Event has occurred and is continuing, or if a Substantial Repurchase Event has occurred, the Issuer may, by giving not less than 30 nor more than 60 days' notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 17, the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Condition 8, redeem all, but not some only, of the Capital Securities on any Interest Payment Date at their principal amount together with any Deferred Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

Upon the expiry of such notice, the Issuer shall redeem the Capital Securities.

(e) **Redemption for Change of Control Event**

If a Change of Control Event has occurred and is continuing, the Issuer may, by giving not less than 30 nor more than 60 days' notice (the "Change of Control Notice") to the Fiscal Agent, the Paying Agents and, in accordance with Condition 17, the Holders (which notice shall be irrevocable and specify the Change of Control Redemption Date) and subject to Condition 8, redeem all, but not some only, of the Capital Securities at their principal amount together with any Deferred Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

The Issuer shall redeem the Capital Securities on the Change of Control Redemption Date, failing which Condition 4(i) shall apply.

*For so long as the Capital Securities remain outstanding, if (i) a Change of Control Event occurs and (ii), as a result of the Change of Control Event, the Issuer elects to redeem the Capital Securities pursuant to Condition 6(e) above, the Issuer intends (without thereby assuming a legal or contractual obligation) to launch a tender offer for its outstanding senior unsecured obligations that do not include a form of holder 'put option' (howsoever defined) exercisable upon the occurrence of an event the same as or substantially similar (as determined by the Issuer) to a Change of Control Event (together, the **Senior Securities**) at 100 per cent. of their aggregate principal amount plus accrued and unpaid interest. Such tender offer shall be made available, subject to all applicable laws, to all holders of the Senior Securities and will be effected in such a manner as to ensure that the purchase of any such Senior Securities, which are validly tendered pursuant to the tender offer, is completed prior to the redemption of the Capital Securities pursuant to Condition 6(e) above.*

**7 Substitution or Variation**

If at any time a Tax Deductibility Event, a Capital Event or a Withholding Tax Event has occurred on or after the Issue Date and is continuing, then the Issuer may, subject to Condition 8 (without any requirement for the consent or approval of the Holders or Couponholders) and having given not less than 30 nor more than 60 days' notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 17, the Holders (which notice shall be irrevocable), at any time either:

- (i) substitute all, but not some only, of the Capital Securities for Qualifying Capital Securities; or
- (ii) vary the terms of the Capital Securities with the effect that they remain or become, as the case may be, Qualifying Capital Securities.

Upon expiry of such notice, the Issuer shall either vary the terms of or, as the case may be, substitute the Capital Securities in accordance with this Condition 7.

In connection with any substitution or variation in accordance with this Condition 7, the Issuer shall comply with the rules of any stock exchange on which the Capital Securities are for the time being listed or admitted to trading.

**8 Preconditions to Special Event Redemption, Change of Control Event Redemption, Substitution and Variation**

Prior to the publication of any notice of redemption pursuant to Condition 6 (other than redemption pursuant to Condition 6(b)) or any notice of substitution or variation pursuant to Condition 7, the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer stating:

- (i) that the relevant requirement or circumstance giving rise to the right to redeem, substitute or vary (as the case may be) the Capital Securities is satisfied;
- (ii) in the case of a Withholding Tax Event, that the Issuer is unable to avoid paying additional amounts by taking measures reasonably available to it; and
- (iii) in the case of a substitution or variation pursuant to Condition 7, that:
  - (a) the Issuer has determined that the terms of the Qualifying Capital Securities are not materially less favourable to Holders than the terms of the Capital Securities and that determination was reasonably reached by the Issuer in consultation with an independent investment bank, independent financial adviser or legal counsel of international standing;
  - (b) the criteria specified in paragraphs (a) to (h) of the definition of Qualifying Capital Securities will be satisfied by the Qualifying Capital Securities upon issue; and
  - (c) the relevant substitution or variation (as the case may be) will not result in the occurrence of a Special Event.

In addition, in the case of a Tax Event or a Withholding Tax Event, the Issuer shall deliver to the Fiscal Agent an opinion of independent legal or other tax advisers to the effect that the relevant requirement or circumstance giving rise to the right to redeem, substitute or vary is satisfied (save, in the case of a Withholding Tax Event, as to whether reasonable measures to avoid paying additional amounts are available to the Issuer). Such certificate and, if applicable, opinion shall be conclusive and binding on the Holders and the Couponholders.

Any redemption of the Capital Securities in accordance with Condition 6 shall be conditional on all Deferred Interest being paid in full in accordance with the provisions of Condition 5(b)(iii) on or prior to the date of such redemption.

## **9 Purchases and Cancellation**

### **(a) Purchases**

Each of the Issuer and any of its Subsidiaries may at any time purchase beneficially for its account any or all Capital Securities in any manner and at any price. In each case, purchases will be made together with all unmatured Coupons and Talons appertaining thereto.

All Capital Securities purchased by the Issuer or any of its Subsidiaries may, at the option of the Issuer or such Subsidiary, be held, reissued, resold or surrendered for cancellation (together with all unmatured Coupons and all unexchanged Talons attached to them) to a Paying Agent.

### **(b) Cancellation**

All Capital Securities redeemed or substituted by the Issuer pursuant to Condition 6 or Condition 7, as the case may be, and all Capital Securities purchased and surrendered for cancellation pursuant to Condition 9(a), (in each case, together with all unmatured Coupons and unexchanged Talons relating thereto) will forthwith be cancelled.

Capital Securities held by the Issuer and/or any of its Subsidiaries shall not entitle the Holder to vote at any meeting of Holders and shall be deemed not to be outstanding for the purposes of calculating quorums at meetings of Holders or for any other purpose specified in Condition 14.

## 10 Payments

### (a) *Method of Payment*

- (i) Payments of principal, premium and interest will be made against presentation and surrender of Capital Securities or the appropriate Coupons (as the case may be) at the specified office of any of the Paying Agents except that payments of interest in respect of any period not ending on an Interest Payment Date will only be made against presentation and either surrender or endorsement (as appropriate) of the relevant Capital Securities. Such payments will be made by transfer to a Swedish krona account maintained by the payee with a bank in Stockholm.
- (ii) Upon the due date for redemption of any Capital Security, unmatured Coupons relating to such Capital Security (whether or not attached) shall become void and no payment shall be made in respect of them. Where any Capital Security is presented for redemption without all unmatured Coupons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (iii) On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Capital Securities, the Talon forming part of such Coupon sheet may be surrendered at the specified office of any of the Paying Agents in exchange for a further Coupon sheet (to include another Talon for a further Coupon sheet, if appropriate) (but excluding any Coupons that may have become void pursuant to Condition 13).

### (b) *Payments Subject to Fiscal Laws*

Payments will be subject in all cases to any (i) fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 12 and (ii) withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto (“**FATCA Withholding**”).

### (c) *Days for Payments*

A Capital Security or Coupon may only be presented for payment on a day on which commercial banks and foreign exchange markets are open in the place of presentation, London and Stockholm (a “**Payment Day**”). If a due date for payment falls on a day which is not a Payment Day, then the payment shall be available to Holders from the first Payment Day following such due date. No further interest or other payment will be made as a consequence of the day on which the Capital Security or Coupon may be presented for payment under this paragraph falling after the due date.

### (d) *Interpretation of principal, premium and interest*

References in these Conditions to principal, premium, Interest Payments, Deferred Interest and/or any other amount in respect of interest shall be deemed to include any additional amounts which may become payable pursuant to Condition 12.

## 11 Default and Enforcement

### (a) *Proceedings*

Without prejudice to the Issuer's right to defer the payment of interest under Condition 5(a), if a default is made by the Issuer for a period of 30 days or more in relation to the payment of any interest, principal or premium in respect of the Capital Securities which is due and payable, then the Issuer shall be deemed to be in default under the Capital Securities and the Coupons and any Holder may institute proceedings for an Issuer Winding-up.

In the event of an Issuer Winding-up, a Holder may, provided such Holder does not contravene a previously adopted Extraordinary Resolution (if any), prove and/or claim in such Issuer Winding-up in respect of the Capital Securities, such claim being for such amount, and being subordinated in such manner, as is provided under Condition 3(a).

### (b) *Enforcement*

Any Holder may at its discretion and without further notice institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Capital Securities or the Coupons but in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

### (c) *Extent of Holders' Remedy*

No remedy against the Issuer, other than as referred to in this Condition 11, shall be available to the Holders or Couponholders, whether for the recovery of amounts owing in respect of the Capital Securities or the Coupons or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Capital Securities or the Coupons.

## 12 Taxation

All payments of principal, premium and interest (including Deferred Interest) in respect of the Capital Securities and the Coupons will be made without withholding or deduction for, or on account of, any present or future taxes or duties ("**Taxes**") of whatever nature imposed or levied by or on behalf of Sweden or any political subdivision or any authority thereof or therein having power to tax, unless the withholding or deduction of the Taxes is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Holders or the Couponholders after such withholding or deduction shall equal the respective amounts of principal, premium and interest (including Deferred Interest) which would otherwise have been receivable in respect of the Capital Securities or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable in relation to any payment in respect of any Capital Security or Coupon:

- (a) presented for payment by or on behalf of, a Holder or Couponholder who is liable for such Taxes in respect of such Capital Security or Coupon by reason of such Holder having some connection with Sweden other than the mere holding of such Capital Security or Coupon; or
- (b) presented for payment more than 30 days after the Relevant Date except to the extent that the Holder or Couponholder would have been entitled to additional amounts on presenting the same for payment on such 30th day.

Notwithstanding any other provision of the Conditions, any amounts to be paid on the Capital Securities by or on behalf of the Issuer, will be paid net of any deduction or withholding imposed or required pursuant to any

FATCA Withholding. Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

### **13 Prescription**

Claims against the Issuer in respect of the Capital Securities and Coupons (which for this purpose shall not include Talons) will become void unless presented for payment or made, as the case may be, within a period of 10 years in the case of Capital Securities (in respect of claims relating to principal and premium) and five years in the case of Coupons (in respect of claims relating to interest, including Deferred Interest) from the Relevant Date relating thereto. There shall be no prescription period for Talons but there shall not be included in any Coupon sheet issued in exchange for a Talon any Coupon the claim in respect of which would be void pursuant to this Condition 13 or Condition 10(a)(iii).

### **14 Meetings of Holders, Modification and Waiver**

The Agency Agreement contains provisions for convening meetings of the Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Capital Securities, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer or Holders holding not less than five per cent. in nominal amount of the Capital Securities for the time being outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Capital Securities for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders whatever the nominal amount of the Capital Securities so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Capital Securities or Coupons (including, *inter alia*, the provisions regarding subordination referred to in Condition 3, the terms concerning currency and due dates for payment of principal, premium or interest (including Deferred Interest) in respect of the Capital Securities and reducing or cancelling the principal amount of any Capital Securities, any premium or any Interest Rate), the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in nominal amount of the Capital Securities for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Holders shall be binding on all the Holders, whether or not they are present at the meeting, and on all Couponholders.

The Agency Agreement provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority of at least 75 per cent. of the votes cast, (ii) a resolution in writing signed by or on behalf of the Holders representing 75 per cent. or more in nominal amount of the Capital Securities for the time being outstanding or (iii) consent given by way of electronic consents through relevant clearing systems (in a form satisfactory to the Fiscal Agent) by or on behalf of the Holders representing 75 per cent. or more in nominal amount of the Capital Securities for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Holders.

The agreement or approval of the Holders shall not be required in the case of any variation of these Conditions required to be made in the circumstances described in Condition 7 in connection with the substitution or variation of the terms of the Capital Securities so that they remain or become Qualifying Capital Securities.

The Fiscal Agent and the Issuer may agree, without the consent of the Holders or Couponholders, to:

- (i) any modification of (except such modifications in respect of which an increased quorum is required as mentioned above) of the Agency Agreement which is not prejudicial to the interests of the Holders (which will not include, for the avoidance of doubt, any provision entitling the Holders to institute

proceedings for an Issuer Winding-up in circumstances which are more extensive than those set out in Condition 11); or

- (ii) any modification of the Capital Securities, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated.

Any such modification, authorisation or waiver shall be binding on the Holders and the Couponholders and any such modification shall be notified to the Holders in accordance with Condition 17, as soon as practicable.

## 15 Issuer Substitution

The Issuer, or any previously substituted company, may at any time, without the consent of the Holders or the Couponholders, substitute for itself as principal debtor under the Capital Securities and the Coupons on a subordinated basis equivalent to that referred to in Conditions 2 and 3 such company (the “**Substitute**”) in the manner specified in the Agency Agreement, provided that no payment in respect of the Capital Securities or the Coupons is at the relevant time overdue. Such substitution shall be made by a deed poll (the “**Deed Poll**”), to be substantially in the form exhibited to the Agency Agreement, and may take place only if:

- (a) the Substitute shall, by means of the Deed Poll, agree to indemnify each Holder and Couponholder against any Taxes which are imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute's residence for tax purposes and/or, if different, of its incorporation with respect to any Capital Security or Coupon and which would not have been so imposed had the substitution not been made, as well as against any Taxes and any cost or expense, relating to the substitution;
- (b) in the event that all the assets and liabilities of the Issuer are not assumed by the Substitute, the obligations of the Substitute under the Deed Poll, the Capital Securities and the Coupons shall be unconditionally and irrevocably guaranteed by the Issuer on the same subordinated basis as the Capital Securities under Condition 3 by means of the Deed Poll;
- (c) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Capital Securities and Coupons represent valid, legally binding and enforceable obligations of the Substitute and if applicable, of the Issuer have been taken, fulfilled and done and are in full force and effect;
- (d) the Substitute shall have become party to the Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it;
- (e) each stock exchange which has the Capital Securities listed thereon shall have confirmed that, following the proposed substitution of the Substitute, the Capital Securities would continue to be listed on such stock exchange;
- (f) legal opinions addressed to the Holders shall have been delivered to them (care of the Fiscal Agent) from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in paragraph (i) above and in England as to the fulfilment of the preceding conditions of this Condition 15 and the other matters specified in the Deed Poll; and
- (g) the Issuer shall have given at least 14 days' prior notice of such substitution to the Holders, stating that copies, or, pending execution, the agreed text, of all documents in relation to the substitution which are

referred to above, or which might otherwise reasonably be regarded as material to Holders, will be available for inspection at the specified office of each of the Paying Agents.

## **16 Replacement of the Capital Securities, Coupons and Talons**

If any Capital Security, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Fiscal Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Holders in accordance with Condition 17, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Capital Security, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Capital Securities, Coupons or further Coupons) and otherwise as the Issuer may reasonably require.

Mutilated or defaced Capital Securities, Coupons or Talons must be surrendered before any replacement Capital Securities, Coupons or Talons will be issued.

## **17 Notices**

All notices regarding the Capital Securities shall be validly given if published (i) in a leading English language daily newspaper of general circulation in London and (ii) if and for so long as the Capital Securities are admitted to trading on the Luxembourg Stock Exchange's regulated market, and listed on the Official List of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, a daily newspaper of general circulation in Luxembourg and/or the Luxembourg Stock Exchange's website, www.bourse.lu. It is expected that any such publication in a newspaper will be made in the *Financial Times* or any other daily newspaper in London and the *Luxemburger Wort* in Luxembourg. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other stock exchange (or any other relevant authority) on which the Capital Securities are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in each such newspaper or where published in such newspapers on different dates, the last date of such first publication.

## **18 Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Holders or the Couponholders to create and issue further securities ("**Further Capital Securities**") having terms and conditions the same as the Capital Securities or the same in all respects save for the amount and date of the first payment of interest on such Further Capital Securities and so that such Further Capital Securities shall be consolidated and form a single series with the outstanding Capital Securities.

## **19 Paying Agents**

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

- (a) there will at all times be a Fiscal Agent; and
- (b) so long as the Capital Securities are listed on any stock exchange, there will at all times be a Paying Agent (which may be the Fiscal Agent) having a specified office outside Sweden in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority).

Notice of any such termination or appointment and of any change in the specified offices of the Paying Agents will be given to the Holders in accordance with Condition 17.

## **20 Governing Law and Submission to Jurisdiction**

The Agency Agreement, the Capital Securities, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, the laws of England and Wales, other than the provisions of Condition 3(a) and any non-contractual obligations arising out of or in connection with them which are governed by, and shall be construed in accordance with, the laws of Sweden.

The Issuer hereby agrees for the exclusive benefit of the Paying Agents, the Calculation Agent, the Holders and the Couponholders, that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Agency Agreement, the Capital Securities and the Coupons (including any disputes relating to any non-contractual obligations arising out of, or in connection with them) and that accordingly any suit, action or proceedings arising out of or in connection therewith (together referred to as “**Proceedings**”) may be brought in the courts of England.

The Issuer hereby irrevocably waives any objection which it may have now or subsequently to the laying of the venue of any Proceedings in the courts of England and any claim that any Proceedings have been brought in an inconvenient forum and further irrevocably agrees that a judgment in any Proceedings brought in the courts of England shall be conclusive and binding upon the Issuer and may be enforced in the courts of any other jurisdiction. To the extent permitted by law, nothing in this Condition 20 shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

The Issuer appoints TeliaSonera International Carrier UK Limited at its office at 95 Cromwell Road, London SW7 4DL as its agent in England for service of process and undertakes that, in the event of TeliaSonera International Carrier UK Limited ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceeding.

Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

## **21 Contracts (Rights of Third Parties) Act 1999**

The Capital Securities confer no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Capital Securities, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

## **22 Definitions**

In these Conditions:

“**2027 Step-up Date**” means the Interest Payment Date falling in October 2027;

“**2042 Step-up Date**” means the Interest Payment Date falling in October 2042;

“**Affected Senior Securities**” means any of the Issuer’s senior unsecured obligations that include a form of holder ‘put option’ (howsoever defined) (“**Put Option**”) exercisable upon the occurrence of an event the same as or substantially similar (as determined by the Issuer) to a Change of Control Event;

“**Agency Agreement**” has the meaning given to it in the preamble to these Conditions;

“**Business Day**” means a day, other than a Saturday, Sunday or public holiday, on which commercial banks and foreign exchange markets are open for general business in London and Stockholm;

“**Calculation Agent**” means Citibank, N.A., London Branch, or any successor appointed in accordance with the Paying Agency Agreement;

“**Calculation Amount**” means SEK10,000;

a “**Capital Event**” shall be deemed to occur if the Issuer has received confirmation from any Rating Agency either directly or via a publication by such Rating Agency, that an amendment, clarification or change has occurred in the equity credit criteria of such Rating Agency effective after the Issue Date (or effective after the date when the equity credit is assigned for the first time, as applicable) and this has resulted in lower equity credit (or such other nomenclature that the relevant Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) for the Capital Securities than the equity credit assigned on the Issue Date (or if equity credit is not assigned on the Issue Date, at the date when the equity credit is assigned for the first time);

“**Capital Securities**” has the meaning given in the preamble to these Conditions;

A “**Change of Control Event**” shall be deemed to occur if:

- (i) any person or any persons acting in concert (as defined in the United Kingdom's City Code on Takeovers and Mergers) or any person or persons acting on behalf of such person(s) (the “**Relevant Person**”) at any time directly or indirectly own(s) or acquire(s): (A) more than 50 per cent. of the issued or allotted ordinary share capital of the Issuer or (B) such number of shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights attached to the issued or allotted share capital of the Issuer that are normally exercisable at a general meeting of the Issuer (each, a “**Change of Control**”), provided that a Change of Control shall be deemed not to have occurred if all or substantially all of the shareholders of the Relevant Person are, or immediately prior to the event which would otherwise have constituted a Change of Control were, the shareholders of the Issuer with the same (or substantially the same) pro rata interest in the share capital of the Relevant Person as such shareholders have, or as the case may be, had in the share capital of the Issuer; and
- (ii) on the date (the “**Relevant Announcement Date**”) that is the earlier of (x) the date of the first public announcement of the relevant Change of Control; and (y) the date of the earliest Relevant Potential Change of Control Announcement (if any), any of the Issuer's senior unsecured obligations carry from either of Moody's Investor Services Limited (“**Moody's**”) and/or Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. (“**Standard & Poor's**”) and/or any of their respective successors or affiliates or any other rating agency (each a “**Substitute Rating Agency**”) of equivalent international standing specified by the Issuer (each, a “**rating agency**”),
  - (A) an investment grade credit rating (Baa3/BBB-, or equivalent, or better), and such rating from any rating agency is within the Change of Control Period either downgraded to a non-investment grade credit rating (Ba1/BB+, or equivalent, or worse) or withdrawn and is not within the Change of Control Period subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to investment grade credit ratings by such rating agency; or
  - (B) a non-investment grade credit rating (Ba1/BB+, or equivalent, or worse), and such rating from any rating agency is within the Change of Control Period either downgraded by one or more notches (for illustration, Ba1/BB+ to Ba2/BB being one notch) or withdrawn and is not within the Change

of Control Period subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to its earlier credit rating or better by such rating agency; or

- (C) no credit rating, and no credit rating from another rating agency and no rating agency assigns within the Change of Control Period an investment grade credit rating to the Issuer's senior unsecured obligations,

provided that if on the Relevant Announcement Date (a) any of the Issuer's senior unsecured obligations carry a credit rating from more than one rating agency, at least one of which is investment grade, then sub paragraph (A) will apply and (b) if none of the Issuer's senior unsecured obligations carry a credit rating which is investment grade but any of the Issuer's senior unsecured obligations carry a credit rating from more than one rating agency which is non-investment grade. then sub paragraph (B) will apply; and

- (iii) in making the relevant decision(s) referred to above, each relevant rating agency announces publicly or confirms in writing to the Issuer that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control or the Relevant Potential Change of Control Announcement. Upon receipt by the Issuer of any such written confirmation, the Issuer shall forthwith give notice of such written confirmation to the Holders in accordance with Condition 17.

If the rating designations employed by either of Moody's or Standard and Poor's are changed from those which are described in paragraph (ii) above, or if a rating is procured from a Substitute Rating Agency, the Issuer shall determine the rating designations of Moody's or Standard and Poor's or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody's or Standard and Poor's and paragraph (ii) above shall be read accordingly.

**"Change of Control Period"** means the period commencing on the Relevant Announcement Date and ending 90 days after the Change of Control (or such longer period during which any of the Issuer's senior unsecured obligations are under consideration (such consideration having been announced publicly within the period ending 90 days after the Change of Control) for rating review or, as the case may be, rating by a rating agency, such period not to exceed 60 days after the public announcement of such consideration);

**"Change of Control Redemption Date"** means the date fixed by the Issuer and specified in the Change of Control Notice which shall be no earlier than either (i) if any Affected Senior Securities are outstanding, 60 clear days following the Change of Control Event; or (ii) if no Affected Senior Securities are outstanding, 30 clear days following the Change of Control Event.

**"Change of Control Step-up Date"** means either (i) if any Affected Senior Securities are outstanding, 60 clear days following the Change of Control Event or (ii) if no Affected Senior Securities are outstanding, 30 clear days after the Change of Control Event.

**"Conditions"** means these terms and conditions of the Capital Securities, as amended from time to time;

**"Coupon"** has the meaning given in the preamble to these Conditions;

**"Couponholder"** has the meaning given in the preamble to these Conditions;

**"Day-Count Fraction"** means "Actual/360", the actual number of days in the Interest Period divided by 360;

**"Deferral Notice"** has the meaning given in Condition 5(a);

**"Deferred Interest"** has the meaning given in Condition 5(a);

a “**Deferred Interest Payment Event**” means any one or more of the following events:

- (a) declaration or payment of any distribution or dividend or any other payment made by the Issuer on its share capital or any other obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities or any Parity Security;
- (b) declaration or payment of any distribution or dividend or any other payment made by the Issuer or any Subsidiary of the Issuer, as the case may be, on any Parity Securities;
- (c) redemption, repurchase, repayment, cancellation, reduction or other acquisition by the Issuer or any Subsidiary of the Issuer of any shares of the Issuer or any other obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities or any Parity Security; and/or
- (d) redemption, repurchase, repayment, cancellation, reduction or other acquisition by the Issuer or any Subsidiary of the Issuer of any Parity Securities,

save for:

- (i) in each case, any compulsory distribution, dividend, other payment, redemption, repurchase, repayment, cancellation, reduction or other acquisition required by the terms of such securities or by mandatory operation of applicable law;
- (ii) in the case of (c) above only, any redemption, repurchase, repayment, cancellation, reduction or other acquisition executed in connection with, or for the purpose of (1) any reduction of the quota value of the share capital of the Issuer without a corresponding return of cash, capital or assets to shareholders of the Issuer or (2) any share buyback programme then in force and duly approved by the shareholders’ general meeting of the Issuer or the relevant Subsidiary of the Issuer (as applicable) or any existing or future stock option plan or free share allocation plan or other incentive plan, in all cases, reserved for directors, officers and/or employees of the Issuer or the relevant Subsidiary of the Issuer or any associated hedging transaction; and
- (iii) in the case of (d) above only, any redemption, repurchase, repayment, cancellation, reduction or other acquisition executed in whole or in part in the form of a public tender offer or public exchange offer at a consideration per Parity Security below its par value;

“**EUR**” means the lawful currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended

“**EUR NC6 Fixed Rate Reset Capital Securities**” means the Issuer’s €900,000,000 Subordinated Fixed Rate Reset 6 year Non-Call Capital Securities due 2078 (ISIN: XS1590787799);

“**FATCA Withholding**” has the meaning given in Condition 10(b);

“**Fiscal Agent**” has the meaning given to it in the preamble to these Conditions;

“**First Call Date**” means the Interest Payment Date falling in October 2022;

“**Further Capital Securities**” has the meaning given in Condition 18;

“**Holder**” has the meaning given in the preamble to these Conditions;

“**Initial Interest Rate**” has the meaning given in Condition 4(c);

“**Interest Amount**” has the meaning given in Condition 4(e);

“**Interest Payment**” means, in respect the payment of interest on an Interest Payment Date, the amount of interest payable on the presentation and surrender of the Coupon for the relevant Interest Period in accordance with Condition 4;

“**Interest Payment Date**” has the meaning given in Condition 4(a);

“**Interest Period**” means the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date and each successive period from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date;

“**Interest Rate**” means the Initial Interest Rate or the relevant Step-up Interest Rate, as the case may be;

“**Issue Date**” has the meaning given in Condition 4(a);

“**Issuer**” means Telia Company AB (publ);

“**Issuer Winding-up**” has the meaning given in Condition 3(a);

“**Maturity Date**” means the Interest Payment Date falling in October 2077;

“**Parity Securities**” means any obligations of:

- (i) the Issuer, issued directly or indirectly by it, which rank, or are expressed to rank, *pari passu* with the Capital Securities (and which shall include, for so long as any of the same remain outstanding, the SEK NC5.5 Fixed Rate Reset Capital Securities and the EUR NC6 Fixed Rate Reset Capital Securities); and
- (ii) any Subsidiary of the Issuer having the benefit of a guarantee or support agreement from the Issuer which ranks or is expressed to rank *pari passu* with the Capital Securities;

“**Paying Agents**” has the meaning given to it in the preamble to these Conditions;

“**Payment Day**” has the meaning given to it in Condition 10(c);

“**Qualifying Capital Securities**” means securities that contain terms not materially less favourable to Holders than the terms of the Capital Securities (as reasonably determined by the Issuer in consultation with an independent investment bank, independent financial adviser or legal counsel of international standing) and provided that a certification to such effect (and confirming that the conditions set out in (a) to (h) below have been satisfied) of two authorised signatories of the Issuer shall have been delivered to the Fiscal Agent prior to the substitution or variation of the Capital Securities), provided that:

- (a) they shall be issued by the Issuer or by any wholly-owned direct or indirect finance Subsidiary of the Issuer with a guarantee of the Issuer; and
- (b) they (and/or, as appropriate, the guarantee as aforesaid) shall rank *pari passu* on an Issuer Winding-up with the ranking of the Capital Securities; and
- (c) they shall contain terms which provide for the same interest rate from time to time applying to the Capital Securities and preserve the same Interest Payment Dates; and

- (d) they shall preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Capital Securities, including (without limitation) as to timing of, and amounts payable upon, such redemption; and
- (e) they shall preserve any existing rights under the Capital Securities to any accrued interest, any Deferred Interest and any other amounts payable under the Capital Securities which, in each case, has accrued to Holders and not been paid; and
- (f) they shall not contain terms providing for the mandatory deferral of interest and shall not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares; and
- (g) they shall, immediately after such exchange or variation, be assigned at least the same credit rating(s) by the same Rating Agencies as may have been assigned to the Capital Securities immediately prior to such exchange or variation (if any); and
- (h) they shall otherwise contain substantially identical terms (as reasonably determined by the Issuer) to the Capital Securities, save where any modifications to such terms are required to be made to avoid the occurrence or effect of a Tax Deductibility Event, a Capital Event or, as the case may be, a Withholding Tax Event; and
- (i) they shall be (A) listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market or (B) admitted to trading on any other regulated market for the purposes of Directive 2004/39/EC as selected by the Issuer on or as soon as reasonably practicable after issue;

**“Rating Agency”** means Moody's, Standard and Poor's and any other rating agency of equivalent international standing requested by the Issuer to grant a corporate credit rating to the Issuer and, in each case, their successors or affiliates;

**“Relevant Date”** means:

- (a) in respect of any payment other than a sum to be paid by the Issuer in an Issuer Winding-up, the date on which such payment first becomes due and payable but, if the full amount of the moneys payable on such date has not been duly received by the Fiscal Agent on or prior to such date, the Relevant Date means the date on which such moneys shall have been so received and notice to that effect shall have been given to the Holders by or on behalf of the Issuer in accordance with Condition 17; and
- (b) in respect of any sum to be paid by or on behalf of the Issuer in an Issuer Winding-up, the date which is one day prior to the date on which an order is made or a resolution is passed for such Issuer Winding-up;

**“Relevant Potential Change of Control Announcement”** means any public announcement or statement by the Issuer, any actual or potential bidder or any adviser thereto relating to any potential Change of Control where within 180 days following the date of such announcement or statement, a Change of Control occurs.

**“SEK NC5.5 Fixed Rate Reset Capital Securities”** means the Issuer's SEK1,500,000,000 Subordinated Fixed Rate Reset 5.5 year Non-Call Capital Securities due 2077 (ISIN: XS1590778889);

**“Special Event”** means any of a Tax Deductibility Event, a Substantial Repurchase Event, a Capital Event, a Withholding Tax Event, or any combination of the foregoing;

**“Step-up Interest Rate”** has the meaning given to it in Condition 4(f);

“**Subordinated Indebtedness**” means any obligation of the Issuer, whether or not having a fixed maturity, which by its terms is, or is expressed to be, subordinated in the event of an Issuer Winding-up to the claims of all unsubordinated creditors of the Issuer but senior to the Capital Securities or to the obligations of the Issuer in respect of any Parity Securities;

“**Subsidiary**” has the meaning provided in the Swedish Companies Act and “**Subsidiaries**” shall be construed accordingly;

a “**Substantial Repurchase Event**” shall be deemed to occur if the Issuer and/or any of its Subsidiaries repurchases and cancels or has at any time repurchased and cancelled, a principal amount of Capital Securities equal to or greater than 80 per cent. of the aggregate principal amount of the Capital Securities initially issued (which shall include, for these purposes, any Further Capital Securities);

“**Swedish Companies Act**” means The Companies Act (*Aktiebolagslagen (2005:551)*);

“**Swedish krona**” or “**SEK**” means the lawful currency of Sweden;

“**Talons**” has the meaning given in the preamble to these Conditions;

“**Tax Deductibility Event**” means the receipt by the Issuer of an opinion of counsel in Sweden (experienced in such matters) to the effect that, as a result of a Tax Law Change, any interest payments under the Capital Securities were, but are no longer, tax-deductible by the Issuer for Swedish tax purposes to the same extent as any unsubordinated obligations of the Issuer;

“**Tax Law Change**” means (a) any amendment to, clarification of, or change in, the laws or treaties (or any regulations thereunder) of Sweden, or any political subdivision or any authority thereof or therein having the power to tax, affecting taxation, (b) any governmental action (c) or any amendment to, clarification of, or change in the official position or the interpretation of such law, treaty (or regulations thereunder) or governmental action or any interpretation, decision or pronouncement that provides for a position with respect to such law, treaty (or regulations thereunder) or governmental action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body in Sweden, irrespective of the manner in which such amendment, clarification, change, action, pronouncement, interpretation or decision is made known, which amendment, clarification or change is effective or such governmental action, pronouncement, interpretation or decision is announced on or after the Issue Date;

“**Taxes**” has the meaning given in Condition 12; and

a “**Withholding Tax Event**” shall be deemed to occur if, as a result of any Tax Law Change, in making any payments on the Capital Securities, the Issuer has paid or will or would on the next Interest Payment Date be required to pay additional amounts on the Capital Securities pursuant to Condition 12 and the Issuer cannot avoid the foregoing by taking reasonable measures available to it.

***The following text in italics does not form part of the Conditions:***

*The Issuer intends (without thereby assuming a legal or contractual obligation) that it will redeem or repurchase the Capital Securities only to the extent they are replaced with instruments with equivalent S&P equity credit. Such replacement would be provided during the 360-day period prior to the date of such redemption or repurchase. The net proceeds received by the Issuer or a Subsidiary of the Issuer from the sale to third party purchasers of securities which are assigned an S&P "equity credit" (or such similar nomenclature used by S&P from time to time) that is at least equal to the equity credit assigned to the Capital Securities by S&P, at the time of sale or issuance of such securities (but taking into account any changes in*

hybrid capital methodology or another relevant methodology or the interpretation thereof since the issuance of the Capital Securities), will count as replacement.

The following exceptions apply as to the Issuer's replacement intention. The Capital Securities are not intended to be replaced:

- (a) if the rating assigned by S&P to the Issuer is at least A- and the Issuer is comfortable that such rating would not fall below this level as a result of such redemption or repurchase, or
- (b) in the case of repurchase of less than (x) 10 per cent. of the aggregate principal amount of the Capital Securities originally issued in any period of 12 consecutive months or (y) 25 per cent. of the aggregate principal amount of the Capital Securities originally issued in any period of 10 consecutive years is repurchased, or
- (c) if the Capital Securities are redeemed pursuant to a Capital Event (to the extent it is triggered by a change of methodology at S&P), a Change of Control Event, a Withholding Tax Event or a Tax Deductibility Event, or
- (d) if the Capital Securities are not assigned an "equity credit" (or such similar nomenclature then used by S&P at the time of such redemption or repurchase),
- (e) in the case of any repurchase, up to the maximum amount of Capital Securities repurchased that would allow the Issuer's aggregate principal amount of hybrid capital remaining outstanding after such repurchase to be equal to or greater than the maximum aggregate principal amount of hybrid capital to which S&P would assign "equity credit" (or such similar nomenclature then used by S&P at the time of such repurchase); or
- (f) if such redemption or repurchase occurs on or after the Interest Payment Date falling in October 2042, the 2042 Step-Up Date."

## Terms and Conditions of the EUR NC6 Fixed Rate Reset Capital Securities

*The following, except for paragraphs in italics, are the terms and conditions of the EUR NC6 Fixed Rate Reset Capital Securities which will be endorsed on each EUR NC6 Fixed Rate Reset Capital Security in definitive form (if issued).*

The issue of the €900,000,000 Subordinated Fixed Rate Reset 6 year Non-Call Capital Securities due 2078 (the “**Capital Securities**”, which expression shall, unless the context otherwise requires, include any Further Capital Securities issued pursuant to Condition 18 and forming a single series with the Capital Securities) of Telia Company AB (publ) (the “**Issuer**”) was authorised by a resolution of the Board of Directors of the Issuer passed on 8 March 2017. The Capital Securities are issued subject to and with the benefit of an Agency Agreement dated 4 April 2017 (such agreement as amended and/or supplemented and/or restated from time to time, the “**Agency Agreement**”) made between the Issuer, Citibank, N.A., London Branch as fiscal agent and principal paying agent (the “**Fiscal Agent**”) and the other initial paying agents named in the Agency Agreement (together with the Fiscal Agent, the “**Paying Agents**”).

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Agency Agreement. Copies of the Agency Agreement are available for inspection during normal business hours by the holders of the Capital Securities (the “**Holders**”) and the holders of interest coupons and the talons (“**Talons**”) for further interest coupons appertaining to the Capital Securities (the “**Couponholders**” and the “**Coupons**” (which expressions shall in these Conditions, unless the context otherwise requires, include the holders of the Talons and the Talons respectively) at the specified office of each of the Paying Agents, being at the date of these Conditions at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB. The Holders and the **Couponholders** are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. References in these Conditions to the Fiscal Agent and the Paying Agents shall include any successor appointed under the Agency Agreement.

### 1 Form, Denomination and Title

#### (a) *Form and Denomination*

The Capital Securities are serially numbered and in bearer form in the denominations of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000, each with Coupons and a Talon attached on issue. No definitive Capital Securities will be issued with a denomination above €199,000. Capital Securities of one denomination may not be exchanged for Capital Securities of any other denomination.

#### (b) *Title*

Title to the Capital Securities, Coupons and Talons passes by delivery. The Issuer and any Paying Agent will (except as ordered by a court of competent jurisdiction or as otherwise required by law) deem and treat the bearer of any Capital Security, Coupon or Talon as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and shall not be required to obtain any proof thereof or as to the identity of such bearer.

## 2 Status of the Capital Securities and the Coupons

The Capital Securities and Coupons constitute direct, unsecured and subordinated obligations of the Issuer. The rights and claims of the Holders in respect of the Capital Securities and the Couponholders in respect of the Coupons, in each case against the Issuer, are subordinated as described in Condition 3(a).

## 3 Subordination and rights on a winding-up

### (a) *Rights on a winding-up*

In the event of the voluntary or involuntary liquidation (*likvidation*), bankruptcy (*konkurs*) or company re-construction (*företagsrekonstruktion*) of the Issuer (each an “**Issuer Winding-up**”), the Holders shall, in respect of their Capital Securities, have a claim (in lieu of any other amount) for the principal amount of their Capital Securities and any accrued and unpaid interest (including any Deferred Interest) thereon and such claims will rank:

- (i) *pari passu* without any preference among themselves and with any present or future claims in respect of obligations of the Issuer in respect of Parity Securities;
- (ii) in priority to all present or future claims in respect of (A) any share capital of the Issuer and (B) any other obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities or any Parity Security; and
- (iii) junior to any present or future claims in respect of (A) all unsubordinated obligations of the Issuer and (B) all Subordinated Indebtedness.

*The Issuer does not intend (without thereby assuming a legal or contractual obligation or restriction) to issue any preference shares that would rank junior to the Capital Securities or any Parity Securities.*

### (b) *Set-off*

Subject to applicable law, no Holder or Couponholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Capital Securities or the Coupons and each Holder and Couponholder shall, by virtue of its holding of any Capital Security or Coupon, be deemed to have waived all such rights of set-off, compensation or retention.

## 4 Interest Payments

### (a) *Interest Payment Dates*

The Capital Securities bear interest on their principal amount at the applicable Interest Rate from (and including) 4 April 2017 (the “**Issue Date**”) up to (but excluding) the Maturity Date in accordance with the provisions of this Condition 4.

Subject to Condition 5, interest shall be payable on the Capital Securities annually in arrear on 4 April in each year (each an “**Interest Payment Date**”) from (and including) 4 April 2018.

### (b) *Interest Accrual*

The Capital Securities (and any unpaid amounts thereon) will cease to bear interest from (and including) the date of redemption thereof pursuant to the relevant paragraph of Condition 6 or the date of

substitution or variation thereof pursuant to Condition 7, as the case may be, unless, upon due presentation, payment of all unpaid amounts in respect of the Capital Securities is not made, in which event interest shall continue to accrue in respect of the principal amount of, and any other unpaid amounts on, the Capital Securities, both before and after judgment, and shall be payable as provided in these Conditions up to (but excluding) the Relevant Date.

When interest is required to be calculated in respect of a period of less than a full year, such interest shall be calculated on the basis of the actual number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Issue Date) to (but excluding) the relevant payment date divided by the actual number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Issue Date) to (but excluding) the next (or, as the case may be, the first) scheduled Interest Payment Date (the “**day-count fraction**”). Where it is necessary to compute an amount of interest in respect of any Capital Security for a period of more than one year, such interest shall be the aggregate of the interest computed in respect of a full year plus the interest computed in respect of the period exceeding the full year calculated in the manner as aforesaid.

Interest in respect of any Capital Security shall be calculated per €1,000 in principal amount thereof (the “**Calculation Amount**”). The amount of interest calculated per Calculation Amount for any period shall be equal to the product of the relevant Interest Rate, the Calculation Amount and the day-count fraction for the relevant period and rounding the resulting figure to the nearest cent (half a cent being rounded upwards). The amount of interest payable in respect of a Capital Security shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the denomination of such Capital Security without any further rounding.

(c) ***Initial Interest Rate***

The Interest Rate in respect of each Interest Period commencing prior to the First Reset Date is 3.000 per cent. per annum (the “**Initial Interest Rate**”).

The Interest Payment in respect of each such Interest Period will amount to €30.00 per Calculation Amount (and any such Interest Payment may be deferred in accordance with Condition 5).

(d) ***Reset Interest Rates***

The Interest Rate in respect of each Interest Period falling in a Reset Period shall be the aggregate of the relevant Margin and the relevant 5 Year EUR Mid-Swap Rate for such Reset Period, all as determined by the Calculation Agent (each a “**Reset Interest Rate**”).

(e) ***Determination of Reset Interest Rates and Calculation of Interest Amounts***

The Calculation Agent shall, at or as soon as practicable after 11.00 a.m. (Central European time) on each Reset Interest Determination Date, determine the Reset Interest Rate in respect of the Reset Period commencing immediately following such Reset Interest Determination Date and shall calculate the amount of interest which will (subject to deferral in accordance with Condition 5) be payable per Calculation Amount in respect of each such Interest Period (the “**Interest Amount**”).

(f) ***Publication of Reset Interest Rates and Interest Amounts***

Unless the Capital Securities are to be redeemed, the Issuer shall cause notice of each Reset Interest Rate and the related Interest Amount to be given to the Fiscal Agent, the Paying Agents, any stock exchange on which the Capital Securities are for the time being listed or admitted to trading and, in

accordance with Condition 17, the Holders, in each case as soon as practicable after its determination but in any event not later than the first Business Day of the relevant Reset Period.

(g) ***Calculation Agent***

The Issuer may from time to time replace the Calculation Agent with another independent financial institution. If the Calculation Agent is unable or unwilling to continue to act as the Calculation Agent or fails to determine a Reset Interest Rate or calculate the related Interest Amount or effect the required publication thereof (in each case as required pursuant to these Conditions), the Issuer shall forthwith appoint another independent financial institution to act as such in its place. The Calculation Agent may not resign its duties or be removed without a successor having been appointed as aforesaid. If the Issuer fails to appoint a successor Calculation Agent in a timely manner, then the Calculation Agent shall be entitled to appoint as its successor a reputable financial institution of good standing which the Issuer shall approve.

(h) ***Determinations of Calculation Agent Binding***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 by the Calculation Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Calculation Agent, the Paying Agents and all Holders and Couponholders and (in the absence of wilful default and bad faith) no liability to the Holders, the Couponholders or the Issuer shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

(i) ***Step-up after first Change of Control Event***

Notwithstanding any other provision of this Condition 4, if the Issuer does not elect to redeem the Capital Securities in accordance with Condition 6(e) following the occurrence of a Change of Control Event, the then prevailing Interest Rate, and each subsequent Interest Rate otherwise determined in accordance with the provisions of this Condition 4, on the Capital Securities shall be increased by 5.00 per cent. per annum with effect from (and including) the day immediately following the Change of Control Step-up Date.

## **5 Optional Interest Deferral**

(a) ***Deferral of Interest Payments***

The Issuer may, at any time and at its sole discretion, elect to defer any Interest Payment, in whole but not in part, which is otherwise scheduled to be paid on an Interest Payment Date (except on the Maturity Date or any other Interest Payment Date on which the Capital Securities are to be redeemed) by giving notice (a “**Deferral Notice**”) of such election to the Holders in accordance with Condition 17, the Fiscal Agent and the Paying Agents not less than seven Business Days prior to the relevant Interest Payment Date.

Any Interest Payment so deferred pursuant to this Condition 5(a) shall, from (and including) the Interest Payment Date on which such Interest Payment would (but for its deferral) have been payable to (but excluding) the date on which it is paid in full, itself bear interest at the Interest Rate prevailing from time to time (which interest shall compound on each Interest Payment Date) and, for so long as the same remains unpaid, such deferred interest (together with the interest accrued thereon) shall constitute “**Deferred Interest**”.

The deferral of an Interest Payment in accordance with this Condition 5(a) shall not constitute a default by the Issuer under the Capital Securities or for any other purpose.

**(b) *Settlement of Deferred Interest***

*Optional Settlement*

Deferred Interest may be paid (in whole but not in part) at any time at the option of the Issuer following delivery of a notice to such effect given by the Issuer to the Holders in accordance with Condition 17, the Fiscal Agent and the Paying Agents not less than seven Business Days prior to the date (to be specified in such notice) on which the Issuer will pay such Deferred Interest.

*Mandatory settlement*

The Issuer shall pay any Deferred Interest, in whole but not in part, on the first to occur of the following dates:

- (i) the 10th Business Day following the date on which a Deferred Interest Payment Event occurs;
- (ii) any Interest Payment Date in respect of which the Issuer does not elect to defer all of the interest accrued in respect of the relevant Interest Period; and
- (iii) the date on which the Capital Securities are redeemed or repaid in accordance with Condition 6 or Condition 11.

Notice of any Deferred Interest Payment Event shall be given by the Issuer to the Holders in accordance with Condition 17, the Fiscal Agent and the Paying Agents within three Business Days of such event.

## **6 Redemption**

**(a) *Final Redemption Date***

Unless previously repaid, redeemed or purchased and cancelled as provided in these Conditions, the Capital Securities will be redeemed on the Maturity Date at their principal amount together with any Deferred Interest and any other accrued and unpaid interest up to (but excluding) the Maturity Date.

**(b) *Issuer's Call Option***

The Issuer may, by giving not less than 30 nor more than 60 days' notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 17, the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all, but not some only, of the Capital Securities on the First Reset Date or on any Interest Payment Date thereafter at their principal amount together with any Deferred Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

Upon the expiry of such notice, the Issuer shall redeem the Capital Securities.

**(c) *Redemption upon a Tax Deductibility Event or a Capital Event***

If a Tax Deductibility Event or a Capital Event has occurred and is continuing, the Issuer may, by giving not less than 30 nor more than 60 days' notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 17, the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Condition 8, redeem all, but not some only, of the Capital Securities at any time at an amount equal to:

- (i) 101 per cent. of their principal amount, where such redemption occurs before the First Reset Date;  
or
- (ii) 100 per cent. of their principal amount, where such redemption occurs on or after the First Reset Date,

together, in each case, with any Deferred Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

Upon the expiry of such notice, the Issuer shall redeem the Capital Securities.

**(d) *Redemption upon a Withholding Tax Event or a Substantial Repurchase Event***

If a Withholding Tax Event has occurred and is continuing, or if a Substantial Repurchase Event has occurred, the Issuer may, by giving not less than 30 nor more than 60 days' notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 17, the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Condition 8, redeem all, but not some only, of the Capital Securities at any time at their principal amount together with any Deferred Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

Upon the expiry of such notice, the Issuer shall redeem the Capital Securities.

**(e) *Redemption for Change of Control Event***

If a Change of Control Event has occurred and is continuing, the Issuer may, by giving not less than 30 nor more than 60 days' notice (the "**Change of Control Notice**") to the Fiscal Agent, the Paying Agents and, in accordance with Condition 17, the Holders (which notice shall be irrevocable and specify the Change of Control Redemption Date) and subject to Condition 8, redeem all, but not some only, of the Capital Securities at their principal amount together with any Deferred Interest and any other accrued and unpaid interest up to (but excluding) the redemption date.

The Issuer shall redeem the Capital Securities on the Change of Control Redemption Date, failing which Condition 4(i) shall apply.

*For so long as the Capital Securities remain outstanding, if (i) a Change of Control Event occurs and (ii), as a result of the Change of Control Event, the Issuer elects to redeem the Capital Securities pursuant to Condition 6(e) above, the Issuer intends (without thereby assuming a legal or contractual obligation) to launch a tender offer for its outstanding senior unsecured obligations that do not include a form of holder 'put option' (howsoever defined) exercisable upon the occurrence of an event the same as or substantially similar (as determined by the Issuer) to a Change of Control Event (together, the **Senior Securities**) at 100 per cent. of their aggregate principal amount plus accrued and unpaid interest. Such tender offer shall be made available, subject to all applicable laws, to all holders of the Senior Securities and will be effected in such a manner as to ensure that the purchase of any such Senior Securities, which are validly tendered pursuant to the tender offer, is completed prior to the redemption of the Capital Securities pursuant to Condition 6(e) above.*

## **7 Substitution or Variation**

If at any time a Tax Deductibility Event, a Capital Event or a Withholding Tax Event has occurred on or after the Issue Date and is continuing, then the Issuer may, subject to Condition 8 (without any requirement for the consent or approval of the Holders or Couponholders) and having given not less than 30 nor more than 60

days' notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 17, the Holders (which notice shall be irrevocable), at any time either:

- (i) substitute all, but not some only, of the Capital Securities for Qualifying Capital Securities; or
- (ii) vary the terms of the Capital Securities with the effect that they remain or become, as the case may be, Qualifying Capital Securities.

Upon expiry of such notice, the Issuer shall either vary the terms of or, as the case may be, substitute the Capital Securities in accordance with this Condition 7.

In connection with any substitution or variation in accordance with this Condition 7, the Issuer shall comply with the rules of any stock exchange on which the Capital Securities are for the time being listed or admitted to trading.

## **8 Preconditions to Special Event Redemption, Change of Control Event Redemption, Substitution and Variation**

Prior to the publication of any notice of redemption pursuant to Condition 6 (other than redemption pursuant to Condition 6(b)) or any notice of substitution or variation pursuant to Condition 7, the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer stating:

- (i) that the relevant requirement or circumstance giving rise to the right to redeem, substitute or vary (as the case may be) the Capital Securities is satisfied;
- (ii) in the case of a Withholding Tax Event, that the Issuer is unable to avoid paying additional amounts by taking measures reasonably available to it; and
- (iii) in the case of a substitution or variation pursuant to Condition 7, that:
  - (a) the Issuer has determined that the terms of the Qualifying Capital Securities are not materially less favourable to Holders than the terms of the Capital Securities and that determination was reasonably reached by the Issuer in consultation with an independent investment bank, independent financial adviser or legal counsel of international standing;
  - (b) the criteria specified in paragraphs (a) to (h) of the definition of Qualifying Capital Securities will be satisfied by the Qualifying Capital Securities upon issue; and
  - (c) the relevant substitution or variation (as the case may be) will not result in the occurrence of a Special Event.

In addition, in the case of a Tax Event or a Withholding Tax Event, the Issuer shall deliver to the Fiscal Agent an opinion of independent legal or other tax advisers to the effect that the relevant requirement or circumstance giving rise to the right to redeem, substitute or vary is satisfied (save, in the case of a Withholding Tax Event, as to whether reasonable measures to avoid paying additional amounts are available to the Issuer). Such certificate and, if applicable, opinion, shall be conclusive and binding on the Holders and the Couponholders.

Any redemption of the Capital Securities in accordance with Condition 6 shall be conditional on all Deferred Interest being paid in full in accordance with the provisions of Condition 5(b)(iii) on or prior to the date of such redemption.

## **9 Purchases and Cancellation**

### **(a) Purchases**

Each of the Issuer and any of its Subsidiaries may at any time purchase beneficially for its account any or all Capital Securities in any manner and at any price. In each case, purchases will be made together with all unmatured Coupons and Talons appertaining thereto.

All Capital Securities purchased by the Issuer or any of its Subsidiaries may, at the option of the Issuer or such Subsidiary, be held, reissued, resold or surrendered for cancellation (together with all unmatured Coupons and all unexchanged Talons attached to them) to a Paying Agent.

### **(b) Cancellation**

All Capital Securities redeemed or substituted by the Issuer pursuant to Condition 6 or Condition 7, as the case may be, and all Capital Securities purchased and surrendered for cancellation pursuant to Condition 9(a), (in each case, together with all unmatured Coupons and unexchanged Talons relating thereto) will forthwith be cancelled.

Capital Securities held by the Issuer and/or any of its Subsidiaries shall not entitle the Holder to vote at any meeting of Holders and shall be deemed not to be outstanding for the purposes of calculating quorums at meetings of Holders or for any other purpose specified in Condition 14.

## **10 Payments**

### **(a) Method of Payment**

- (i) Payments of principal, premium and interest will be made against presentation and surrender of Capital Securities or the appropriate Coupons (as the case may be) at the specified office of any of the Paying Agents except that payments of interest in respect of any period not ending on an Interest Payment Date will only be made against presentation and either surrender or endorsement (as appropriate) of the relevant Capital Securities. Such payments will be made by transfer to a euro account maintained by the payee with a bank in a city in which banks have access to the TARGET System.
- (ii) Upon the due date for redemption of any Capital Security, unmatured Coupons relating to such Capital Security (whether or not attached) shall become void and no payment shall be made in respect of them. Where any Capital Security is presented for redemption without all unmatured Coupons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (iii) On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Capital Securities, the Talon forming part of such Coupon sheet may be surrendered at the specified office of any of the Paying Agents in exchange for a further Coupon sheet (to include another Talon for a further Coupon sheet, if appropriate) (but excluding any Coupons that may have become void pursuant to Condition 13).

### **(b) Payments Subject to Fiscal Laws**

Payments will be subject in all cases to any (i) fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 12 and (ii) withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue

Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto (“**FATCA Withholding**”).

(c) *Days for Payments*

A Capital Security or Coupon may only be presented for payment on a day on which commercial banks and foreign exchange markets are open in the place of presentation, London and Stockholm (and, in the case of payment by transfer to a euro account, a day on which the TARGET System is operating) (a “**Payment Day**”). If a due date for payment falls on a day which is not a Payment Day, then the payment shall be available to Holders from the first Payment Day following such due date. No further interest or other payment will be made as a consequence of the day on which the Capital Security or Coupon may be presented for payment under this paragraph falling after the due date.

(d) *Interpretation of principal, premium and interest*

References in these Conditions to principal, premium, Interest Payments, Deferred Interest and/or any other amount in respect of interest shall be deemed to include any additional amounts which may become payable pursuant to Condition 12.

## 11 Default and Enforcement

(a) *Proceedings*

Without prejudice to the Issuer’s right to defer the payment of interest under Condition 5(a), if a default is made by the Issuer for a period of 30 days or more in relation to the payment of any interest, principal or premium in respect of the Capital Securities which is due and payable, then the Issuer shall be deemed to be in default under the Capital Securities and the Coupons and any Holder may institute proceedings for an Issuer Winding-up.

In the event of an Issuer Winding-up, a Holder may, provided such Holder does not contravene a previously adopted Extraordinary Resolution (if any), prove and/or claim in such Issuer Winding-up in respect of the Capital Securities, such claim being for such amount, and being subordinated in such manner, as is provided under Condition 3(a).

(b) *Enforcement*

Any Holder may at its discretion and without further notice institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Capital Securities or the Coupons but in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

(c) *Extent of Holders’ Remedy*

No remedy against the Issuer, other than as referred to in this Condition 11, shall be available to the Holders or Couponholders, whether for the recovery of amounts owing in respect of the Capital Securities or the Coupons or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Capital Securities or the Coupons.

## 12 Taxation

All payments of principal, premium and interest (including Deferred Interest) in respect of the Capital Securities and the Coupons will be made without withholding or deduction for, or on account of, any present or future taxes or duties (“**Taxes**”) of whatever nature imposed or levied by or on behalf of Sweden or any political subdivision or any authority thereof or therein having power to tax, unless the withholding or deduction of the Taxes is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Holders or the Couponholders after such withholding or deduction shall equal the respective amounts of principal, premium and interest (including Deferred Interest) which would otherwise have been receivable in respect of the Capital Securities or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable in relation to any payment in respect of any Capital Security or Coupon:

- (a) presented for payment by or on behalf of a Holder or Couponholder who is liable for such Taxes in respect of such Capital Security or Coupon by reason of such Holder having some connection with Sweden other than the mere holding of such Capital Security or Coupon; or
- (b) presented for payment more than 30 days after the Relevant Date except to the extent that the Holder or Couponholder would have been entitled to additional amounts on presenting the same for payment on such 30th day.

Notwithstanding any other provision of the Conditions, any amounts to be paid on the Capital Securities by or on behalf of the Issuer, will be paid net of any deduction or withholding imposed or required pursuant to any FATCA Withholding. Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

## 13 Prescription

Claims against the Issuer in respect of the Capital Securities and Coupons (which for this purpose shall not include Talons) will become void unless presented for payment or made, as the case may be, within a period of 10 years in the case of Capital Securities (in respect of claims relating to principal and premium) and five years in the case of Coupons (in respect of claims relating to interest, including Deferred Interest) from the Relevant Date relating thereto. There shall be no prescription period for Talons but there shall not be included in any Coupon sheet issued in exchange for a Talon any Coupon the claim in respect of which would be void pursuant to this Condition 13 or Condition 10(a)(iii).

## 14 Meetings of Holders, Modification and Waiver

The Agency Agreement contains provisions for convening meetings of the Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Capital Securities, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer or Holders holding not less than five per cent. in nominal amount of the Capital Securities for the time being outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Capital Securities for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders whatever the nominal amount of the Capital Securities so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Capital Securities or Coupons (including, *inter alia*, the provisions regarding subordination referred to in Condition 3, the terms concerning currency and due dates for payment of principal, premium or interest (including Deferred Interest) in respect of the Capital Securities and reducing or cancelling the principal amount of any Capital Securities, any premium or any Interest Rate), the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than two-thirds, or at any adjourned

such meeting not less than one-third, in nominal amount of the Capital Securities for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Holders shall be binding on all the Holders, whether or not they are present at the meeting, and on all Couponholders.

The Agency Agreement provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority of at least 75 per cent. of the votes cast, (ii) a resolution in writing signed by or on behalf of the Holders representing 75 per cent. or more in nominal amount of the Capital Securities for the time being outstanding or (iii) consent given by way of electronic consents through relevant clearing systems (in a form satisfactory to the Fiscal Agent) by or on behalf of the Holders representing 75 per cent. or more in nominal amount of the Capital Securities for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Holders.

The agreement or approval of the Holders shall not be required in the case of any variation of these Conditions required to be made in the circumstances described in Condition 7 in connection with the substitution or variation of the terms of the Capital Securities so that they remain or become Qualifying Capital Securities.

The Fiscal Agent and the Issuer may agree, without the consent of the Holders or Couponholders, to

- (i) any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of the Agency Agreement which is not prejudicial to the interests of the Holders (which will not include, for the avoidance of doubt, any provision entitling the Holders to institute proceedings for an Issuer Winding-up in circumstances which are more extensive than those set out in Condition 11); or
- (ii) any modification of the Capital Securities, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated.

Any such modification, authorisation or waiver shall be binding on the Holders and the Couponholders and any such modification shall be notified to the Holders in accordance with Condition 17, as soon as practicable.

## 15 Issuer Substitution

The Issuer, or any previously substituted company, may at any time, without the consent of the Holders or the Couponholders, substitute for itself as principal debtor under the Capital Securities and the Coupons on a subordinated basis equivalent to that referred to in Conditions 2 and 3 such company (the “**Substitute**”) in the manner specified in the Agency Agreement, provided that no payment in respect of the Capital Securities or the Coupons is at the relevant time overdue. Such substitution shall be made by a deed poll (the “**Deed Poll**”), to be substantially in the form exhibited to the Agency Agreement, and may take place only if:

- (a) the Substitute shall, by means of the Deed Poll, agree to indemnify each Holder and Couponholder against any Taxes which are imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute's residence for tax purposes and/or, if different, of its incorporation with respect to any Capital Security or Coupon and which would not have been so imposed had the substitution not been made, as well as against any Taxes and any cost or expense, relating to the substitution;
- (b) in the event that all the assets and liabilities of the Issuer are not assumed by the Substitute, the obligations of the Substitute under the Deed Poll, the Capital Securities and the Coupons shall be

unconditionally and irrevocably guaranteed by the Issuer on the same subordinated basis as the Capital Securities under Condition 3 by means of the Deed Poll;

- (c) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Capital Securities and Coupons represent valid, legally binding and enforceable obligations of the Substitute and if applicable, of the Issuer have been taken, fulfilled and done and are in full force and effect;
- (d) the Substitute shall have become party to the Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it;
- (e) each stock exchange which has the Capital Securities listed thereon shall have confirmed that, following the proposed substitution of the Substitute, the Capital Securities would continue to be listed on such stock exchange;
- (f) legal opinions addressed to the Holders shall have been delivered to them (care of the Fiscal Agent) from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in paragraph (i) above and in England as to the fulfilment of the preceding conditions of this Condition 15 and the other matters specified in the Deed Poll; and
- (g) the Issuer shall have given at least 14 days' prior notice of such substitution to the Holders, stating that copies, or, pending execution, the agreed text, of all documents in relation to the substitution which are referred to above, or which might otherwise reasonably be regarded as material to Holders, will be available for inspection at the specified office of each of the Paying Agents.

## **16 Replacement of the Capital Securities, Coupons and Talons**

If any Capital Security, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Fiscal Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Holders in accordance with Condition 17, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Capital Security, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Capital Securities, Coupons or further Coupons) and otherwise as the Issuer may reasonably require.

Mutilated or defaced Capital Securities, Coupons or Talons must be surrendered before any replacement Capital Securities, Coupons or Talons will be issued.

## **17 Notices**

All notices regarding the Capital Securities shall be validly given if published (i) in a leading English language daily newspaper of general circulation in London and (ii) if and for so long as the Capital Securities are admitted to trading on the Luxembourg Stock Exchange's regulated market, and listed on the Official List of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, a daily newspaper of general circulation in Luxembourg and/or the Luxembourg Stock Exchange's website, [www.bourse.lu](http://www.bourse.lu). It is expected that any such publication in a newspaper will be made in the *Financial Times* or any other daily newspaper in London and the *Luxemburger Wort* in Luxembourg. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other stock exchange (or any other relevant authority) on which the Capital Securities are for the time being listed.. Any such notice will be deemed to have been given on the date of the first publication or, where required to

be published in more than one newspaper, on the date of the first publication in each such newspaper or where published in such newspapers on different dates, the last date of such first publication..

## **18 Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Holders or the Couponholders to create and issue further securities (“**Further Capital Securities**”) having terms and conditions the same as the Capital Securities or the same in all respects save for the amount and date of the first payment of interest on such Further Capital Securities and so that such Further Capital Securities shall be consolidated and form a single series with the outstanding Capital Securities.

## **19 Paying Agents**

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

- (a) there will at all times be a Fiscal Agent; and
- (b) so long as the Capital Securities are listed on any stock exchange, there will at all times be a Paying Agent (which may be the Fiscal Agent) having a specified office outside Sweden in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority).

Notice of any such termination or appointment and of any change in the specified offices of the Paying Agents will be given to the Holders in accordance with Condition 17.

## **20 Governing Law and Submission to Jurisdiction**

The Agency Agreement, the Capital Securities, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, the laws of England and Wales, other than the provisions of Condition 3(a) and any non-contractual obligations arising out of or in connection with them which are governed by, and shall be construed in accordance with, the laws of Sweden.

The Issuer hereby agrees for the exclusive benefit of the Paying Agents, the Calculation Agent, the Holders and the Couponholders, that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Agency Agreement, the Capital Securities and the Coupons (including any disputes relating to any non-contractual obligations arising out of, or in connection with them) and that accordingly any suit, action or proceedings arising out of or in connection therewith (together referred to as “**Proceedings**”) may be brought in the courts of England.

The Issuer hereby irrevocably waives any objection which it may have now or subsequently to the laying of the venue of any Proceedings in the courts of England and any claim that any Proceedings have been brought in an inconvenient forum and further irrevocably agrees that a judgment in any Proceedings brought in the courts of England shall be conclusive and binding upon the Issuer and may be enforced in the courts of any other jurisdiction. To the extent permitted by law, nothing in this Condition 20 shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

The Issuer appoints TeliaSonera International Carrier UK Limited at its office at 95 Cromwell Road, London SW7 4DL as its agent in England for service of process and undertakes that, in the event of TeliaSonera International Carrier UK Limited ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceeding.

Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

## 21 Contracts (Rights of Third Parties) Act 1999

The Capital Securities confer no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Capital Securities, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

## 22 Definitions

In these Conditions:

“**5 Year EUR Mid-Swap Rate**” means, with respect to a Reset Period:

- (a) the mid swap rate for euro swap transactions with a maturity of 5 years (“**5 Year EUR Mid-Swap**”), as published on Reuters screen “**ICESWAP2**” (formerly called “**ISDAFIX2**”) under “**Euribor Basis EUR**” (or such other page or service as may replace it for the purposes of displaying European swap rates of leading reference banks for swaps in euro) (the “**Mid-Swap Page**”), as at approximately 11.00 a.m. (Central European time) on the Reset Interest Determination Date applicable to such Reset Period; or
- (b) if, on the Reset Interest Determination Date applicable to such Reset Period, no rate is calculated and published on the Mid-Swap Page, the arithmetic mean (rounded if necessary, to the nearest second decimal place, with 0.005 being rounded upwards) of the quotations offered by the Reset Reference Banks at approximately 11.00 a.m. (Central European time) on such Reset Interest Determination Date, to prime banks in the European market for 5 Year EUR Mid-Swap in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; provided that if fewer than two rates are so quoted, the 5 Year EUR Mid-Swap Rate shall be the 5 Year EUR Mid-Swap Rate determined by the Calculation Agent for the previous Reset Period or, in the case of the first Reset Interest Determination Date, 0.235 per cent.

“**2028 Step-up Date**” means 4 April 2028;

“**2043 Step-up Date**” means 4 April 2043;

“**Affected Senior Securities**” means any of the Issuer’s senior unsecured obligations that include a form of holder ‘put option’ (howsoever defined) (“**Put Option**”) exercisable upon the occurrence of an event the same as or substantially similar (as determined by the Issuer) to a Change of Control Event;

“**Agency Agreement**” has the meaning given to it in the preamble to these Conditions;

“**Business Day**” means a day, other than a Saturday, Sunday or public holiday, on which commercial banks and foreign exchange markets are open for general business in London and Stockholm and on which the TARGET System is operating;

“**Calculation Agent**” means Citibank, N.A., London Branch, or any successor appointed in accordance with the Paying Agency Agreement;

“**Calculation Amount**” has the meaning given to it in Condition 4(b);

a “**Capital Event**” shall be deemed to occur if the Issuer has received confirmation from any Rating Agency either directly or via a publication by such Rating Agency, that an amendment, clarification or change has occurred in the equity credit criteria of such Rating Agency effective after the Issue Date (or effective after the date when the equity credit is assigned for the first time, as applicable) and this has resulted in lower equity credit (or such other nomenclature that the relevant Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) for the Capital Securities than the equity credit assigned on the Issue Date (or if equity credit is not assigned on the Issue Date, at the date when the equity credit is assigned for the first time);

“**Capital Securities**” has the meaning given in the preamble to these Conditions;

a “**Change of Control Event**” shall be deemed to occur if:

- (i) any person or any persons acting in concert (as defined in the United Kingdom's City Code on Takeovers and Mergers) or any person or persons acting on behalf of such person(s) (the “**Relevant Person**”) at any time directly or indirectly own(s) or acquire(s): (A) more than 50 per cent. of the issued or allotted ordinary share capital of the Issuer or (B) such number of shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights attached to the issued or allotted share capital of the Issuer that are normally exercisable at a general meeting of the Issuer (each, a “**Change of Control**”), provided that a Change of Control shall be deemed not to have occurred if all or substantially all of the shareholders of the Relevant Person are, or immediately prior to the event which would otherwise have constituted a Change of Control were, the shareholders of the Issuer with the same (or substantially the same) pro rata interest in the share capital of the Relevant Person as such shareholders have, or as the case may be, had in the share capital of the Issuer; and
- (ii) on the date (the “**Relevant Announcement Date**”) that is the earlier of (x) the date of the first public announcement of the relevant Change of Control; and (y) the date of the earliest Relevant Potential Change of Control Announcement (if any), any of the Issuer’s senior unsecured obligations carry from either of Moody's Investor Services Limited (“**Moody's**”) and/or Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. (“**Standard & Poor's**”) and/or any of their respective successors or affiliates or any other rating agency (each a “**Substitute Rating Agency**”) of equivalent international standing specified by the Issuer (each, a “**rating agency**”),
  - (A) an investment grade credit rating (Baa3/BBB-, or equivalent, or better), and such rating from any rating agency is within the Change of Control Period either downgraded to a non-investment grade credit rating (Ba1/BB+, or equivalent, or worse) or withdrawn and is not within the Change of Control Period subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to investment grade credit ratings by such rating agency; or
  - (B) a non-investment grade credit rating (Ba1/BB+, or equivalent, or worse), and such rating from any rating agency is within the Change of Control Period either downgraded by one or more notches (for illustration, Ba1/BB+ to Ba2/BB being one notch) or withdrawn and is not within the Change of Control Period subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to its earlier credit rating or better by such rating agency; or
  - (C) no credit rating, and no credit rating from another rating agency and no rating agency assigns within the Change of Control Period an investment grade credit rating to the Issuer’s senior unsecured obligations,

provided that if on the Relevant Announcement Date (a) any of the Issuer's senior unsecured obligations carry a credit rating from more than one rating agency, at least one of which is investment grade, then sub paragraph (A) will apply and (b) if none of the Issuer's senior unsecured obligations carry a credit rating which is investment grade but any of the Issuer's senior unsecured obligations carry a credit rating from more than one rating agency which is non-investment grade. then sub paragraph (B) will apply; and

- (iii) in making the relevant decision(s) referred to above, each relevant rating agency announces publicly or confirms in writing to the Issuer that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control or the Relevant Potential Change of Control Announcement. Upon receipt by the Issuer of any such written confirmation, the Issuer shall forthwith give notice of such written confirmation to the Holders in accordance with Condition 17.

If the rating designations employed by either of Moody's or Standard and Poor's are changed from those which are described in paragraph (ii) above, or if a rating is procured from a Substitute Rating Agency, the Issuer shall determine the rating designations of Moody's or Standard and Poor's or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody's or Standard and Poor's and paragraph (ii) above shall be read accordingly.

**"Change of Control Period"** means the period commencing on the Relevant Announcement Date and ending 90 days after the Change of Control (or such longer period during which any of the Issuer's senior unsecured obligations are under consideration (such consideration having been announced publicly within the period ending 90 days after the Change of Control) for rating review or, as the case may be, rating by a rating agency, such period not to exceed 60 days after the public announcement of such consideration);

**"Change of Control Redemption Date"** means the date fixed by the Issuer and specified in the Change of Control Notice which shall be no earlier than either (i) if any Affected Senior Securities are outstanding, 60 clear days following the Change of Control Event; or (ii) if no Affected Senior Securities are outstanding, 30 clear days following the Change of Control Event.

**"Change of Control Step-up Date"** means either (i) if any Affected Senior Securities are outstanding, 60 clear days following the Change of Control Event or (ii) if no Affected Senior Securities are outstanding, 30 clear days after the Change of Control Event.

**"Conditions"** means these terms and conditions of the Capital Securities, as amended from time to time;

**"Coupon"** has the meaning given in the preamble to these Conditions;

**"Couponholder"** has the meaning given in the preamble to these Conditions;

**"Deferral Notice"** has the meaning given in Condition 5(a);

**"Deferred Interest"** has the meaning given in Condition 5(a);

a **"Deferred Interest Payment Event"** means any one or more of the following events:

- (a) declaration or payment of any distribution or dividend or any other payment made by the Issuer on its share capital or any other obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities or any Parity Security;
- (b) declaration or payment of any distribution or dividend or any other payment made by the Issuer or any Subsidiary of the Issuer, as the case may be, on any Parity Securities;

- (c) redemption, repurchase, repayment, cancellation, reduction or other acquisition by the Issuer or any Subsidiary of the Issuer of any shares of the Issuer or any other obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities or any Parity Security; and/or
- (d) redemption, repurchase, repayment, cancellation, reduction or other acquisition by the Issuer or any Subsidiary of the Issuer of any Parity Securities,

save for:

- (i) in each case, any compulsory distribution, dividend, other payment, redemption, repurchase, repayment, cancellation, reduction or other acquisition required by the terms of such securities or by mandatory operation of applicable law;
- (ii) in the case of (c) above only, any redemption, repurchase, repayment, cancellation, reduction or other acquisition executed in connection with, or for the purpose of (1) any reduction of the quota value of the share capital of the Issuer without a corresponding return of cash, capital or assets to shareholders of the Issuer or (2) any share buyback programme then in force and duly approved by the shareholders' general meeting of the Issuer or the relevant Subsidiary of the Issuer (as applicable) or any existing or future stock option plan or free share allocation plan or other incentive plan, in all cases, reserved for directors, officers and/or employees of the Issuer or the relevant Subsidiary of the Issuer or any associated hedging transaction; and
- (iii) in the case of (d) above only, any redemption, repurchase, repayment, cancellation, reduction or other acquisition executed in whole or in part in the form of a public tender offer or public exchange offer at a consideration per Parity Security below its par value;

“**euro**” or “**€**” means the lawful currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended;

“**FATCA Withholding**” has the meaning given in Condition 10(b);

“**Fiscal Agent**” has the meaning given to it in the preamble to these Conditions;

“**First Reset Date**” means 4 April 2023;

“**Further Capital Securities**” has the meaning given in Condition 18;

“**Holder**” has the meaning given in the preamble to these Conditions;

“**Initial Interest Rate**” has the meaning given in Condition 4(c);

“**Interest Amount**” has the meaning given in Condition 4(e);

“**Interest Payment**” means, in respect the payment of interest on an Interest Payment Date, the amount of interest payable on the presentation and surrender of the Coupon for the relevant Interest Period in accordance with Condition 4;

“**Interest Payment Date**” has the meaning given in Condition 4(a);

“**Interest Period**” means the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date and each successive period from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date;

“**Interest Rate**” means the Initial Interest Rate or the relevant Reset Interest Rate, as the case may be;

“**Issue Date**” has the meaning given in Condition 4(a);

“**Issuer**” means Telia Company AB (publ);

“**Issuer Winding-up**” has the meaning given in Condition 3(a);

“**Margin**” means:

- (a) in respect of the period from (and including) the First Reset Date to (but excluding) the 2028 Step-up Date, 2.645 per cent.;
- (b) in respect of the period from (and including) the 2028 Step-up Date to (but excluding) the 2043 Step-up Date, 2.895 per cent.; and
- (c) in respect of the period from (and including) the 2043 Step-up Date to (but excluding) the Maturity Date, 3.645 per cent.;

“**Maturity Date**” means 4 April 2078;

“**Parity Securities**” means any obligations of:

- (i) the Issuer, issued directly or indirectly by it, which rank, or are expressed to rank, *pari passu* with the Capital Securities (and which shall include, for so long as any of the same remain outstanding, the SEK NC5.5 Fixed Rate Reset Capital Securities and the SEK NC5.5 Floating Rate Capital Securities); and
- (ii) any Subsidiary of the Issuer having the benefit of a guarantee or support agreement from the Issuer which ranks or is expressed to rank *pari passu* with the Capital Securities;

“**Paying Agents**” has the meaning given to it in the preamble to these Conditions;

“**Payment Day**” has the meaning given to it in Condition 10(c);

“**Qualifying Capital Securities**” means securities that contain terms not materially less favourable to Holders than the terms of the Capital Securities (as reasonably determined by the Issuer in consultation with an independent investment bank, independent financial adviser or legal counsel of international standing) and provided that a certification to such effect (and confirming that the conditions set out in (a) to (h) below have been satisfied) of two authorised signatories of the Issuer shall have been delivered to the Fiscal Agent prior to the substitution or variation of the Capital Securities), provided that:

- (a) they shall be issued by the Issuer or by any wholly-owned direct or indirect finance Subsidiary of the Issuer with a guarantee of the Issuer; and
- (b) they (and/or, as appropriate, the guarantee as aforesaid) shall rank *pari passu* on an Issuer Winding-up with the ranking of the Capital Securities; and
- (c) they shall contain terms which provide for the same interest rate from time to time applying to the Capital Securities and preserve the same Interest Payment Dates; and
- (d) they shall preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Capital Securities, including (without limitation) as to timing of, and amounts payable upon, such redemption; and

- (e) they shall preserve any existing rights under the Capital Securities to any accrued interest, any Deferred Interest and any other amounts payable under the Capital Securities which, in each case, has accrued to Holders and not been paid; and
- (f) they shall not contain terms providing for the mandatory deferral of interest and shall not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares; and
- (g) they shall, immediately after such exchange or variation, be assigned at least the same credit rating(s) by the same Rating Agencies as may have been assigned to the Capital Securities immediately prior to such exchange or variation (if any); and
- (h) they shall otherwise contain substantially identical terms (as reasonably determined by the Issuer) to the Capital Securities, save where any modifications to such terms are required to be made to avoid the occurrence or effect of a Tax Deductibility Event, a Capital Event or, as the case may be, a Withholding Tax Event; and
- (i) they shall be (A) listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market or (B) admitted to trading on any other regulated market for the purposes of Directive 2004/39/EC as selected by the Issuer on, or as soon as reasonably practicable after issue;

**“Rating Agency”** means Moody's, Standard and Poor's and any other rating agency of equivalent international standing requested by the Issuer to grant a corporate credit rating to the Issuer and, in each case, their successors or affiliates;

**“Relevant Date”** means:

- (a) in respect of any payment other than a sum to be paid by the Issuer in an Issuer Winding-up, the date on which such payment first becomes due and payable but, if the full amount of the moneys payable on such date has not been duly received by the Fiscal Agent on or prior to such date, the Relevant Date means the date on which such moneys shall have been so received and notice to that effect shall have been given to the Holders by or on behalf of the Issuer in accordance with Condition 17; and
- (b) in respect of any sum to be paid by or on behalf of the Issuer in an Issuer Winding-up, the date which is one day prior to the date on which an order is made or a resolution is passed for such Issuer Winding-up;

**“Relevant Potential Change of Control Announcement”** means any public announcement or statement by the Issuer, any actual or potential bidder or any adviser thereto relating to any potential Change of Control where within 180 days following the date of such announcement or statement, a Change of Control occurs.

**“Reset Date”** means the First Reset Date and each fifth anniversary thereof up to and including 4 April 2073;

**“Reset Interest Determination Date”** means, with respect to a Reset Period, the day falling two Business Days prior to the Reset Date on which such Reset Period commences;

**“Reset Interest Rate”** has the meaning given in Condition 4(d);

**“Reset Period”** means each period from (and including) a Reset Date to (but excluding) the next succeeding Reset Date thereafter;

**“Reset Reference Banks”** means four major banks in the European inter-bank market selected by the Issuer or the Calculation Agent (in consultation with the Issuer);

“**SEK NC5.5 Fixed Rate Reset Capital Securities**” means the Issuer’s SEK1,500,000,000 Subordinated Fixed Rate Reset 5.5 year Non-Call Capital Securities due 2077 (ISIN: XS1590778889);

“**SEK NC5.5 Floating Rate Capital Securities**” means the Issuer’s SEK5,000,000,000 Subordinated Floating Rate 5.5 year Non-Call Capital Securities due 2077 (ISIN: XS1590783533);

“**Special Event**” means any of a Tax Deductibility Event, a Substantial Repurchase Event, a Capital Event, a Withholding Tax Event, or any combination of the foregoing;

“**Subordinated Indebtedness**” means any obligation of the Issuer, whether or not having a fixed maturity, which by its terms is, or is expressed to be, subordinated in the event of an Issuer Winding-up to the claims of all unsubordinated creditors of the Issuer but senior to the Capital Securities or to the obligations of the Issuer in respect of any Parity Securities;

“**Subsidiary**” has the meaning provided in the Swedish Companies Act and “**Subsidiaries**” shall be construed accordingly;

a “**Substantial Repurchase Event**” shall be deemed to occur if the Issuer and/or any of its Subsidiaries repurchases and cancels or has at any time repurchased and cancelled, a principal amount of Capital Securities equal to or greater than 80 per cent. of the aggregate principal amount of the Capital Securities initially issued (which shall include, for these purposes, any Further Capital Securities);

“**Swedish Companies Act**” means The Companies Act (*Aktiebolagslagen (2005:551)*);

“**Swedish krona**” or “**SEK**” means the lawful currency of Sweden;

“**Talons**” has the meaning given in the preamble to these Conditions;

“**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto;

“**Tax Deductibility Event**” means the receipt by the Issuer of an opinion of counsel in Sweden (experienced in such matters) to the effect that, as a result of a Tax Law Change, any interest payments under the Capital Securities were, but are no longer, tax-deductible by the Issuer for Swedish tax purposes to the same extent as any unsubordinated obligations of the Issuer;

“**Tax Law Change**” means (a) any amendment to, clarification of, or change in, the laws or treaties (or any regulations thereunder) of Sweden, or any political subdivision or any authority thereof or therein having the power to tax, affecting taxation, (b) any governmental action (c) or any amendment to, clarification of, or change in the official position or the interpretation of such law, treaty (or regulations thereunder) or governmental action or any interpretation, decision or pronouncement that provides for a position with respect to such law, treaty (or regulations thereunder) or governmental action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body in Sweden, irrespective of the manner in which such amendment, clarification, change, action, pronouncement, interpretation or decision is made known, which amendment, clarification or change is effective or such governmental action, pronouncement, interpretation or decision is announced on or after the Issue Date;

“**Taxes**” has the meaning given in Condition 12; and

a “**Withholding Tax Event**” shall be deemed to occur if, as a result of any Tax Law Change, in making any payments on the Capital Securities, the Issuer has paid or will or would on the next Interest Payment Date be

required to pay additional amounts on the Capital Securities pursuant to Condition 12 and the Issuer cannot avoid the foregoing by taking reasonable measures available to it.

***The following text in italics does not form part of the Conditions:***

*The Issuer intends (without thereby assuming a legal or contractual obligation) that it will redeem or repurchase the Capital Securities only to the extent they are replaced with instruments with equivalent S&P equity credit. Such replacement would be provided during the 360-day period prior to the date of such redemption or repurchase. The net proceeds received by the Issuer or a Subsidiary of the Issuer from the sale to third party purchasers of securities which are assigned an S&P "equity credit" (or such similar nomenclature used by S&P from time to time) that is at least equal to the equity credit assigned to the Capital Securities by S&P, at the time of sale or issuance of such securities (but taking into account any changes in hybrid capital methodology or another relevant methodology or the interpretation thereof since the issuance of the Capital Securities), will count as replacement.*

*The following exceptions apply as to the Issuer's replacement intention. The Capital Securities are not intended to be replaced:*

- (a) if the rating assigned by S&P to the Issuer is at least A- and the Issuer is comfortable that such rating would not fall below this level as a result of such redemption or repurchase, or*
- (b) in the case of repurchase of less than (x) 10 per cent. of the aggregate principal amount of the Capital Securities originally issued in any period of 12 consecutive months or (y) 25 per cent. of the aggregate principal amount of the Capital Securities originally issued in any period of 10 consecutive years is repurchased, or*
- (c) if the Capital Securities are redeemed pursuant to a Capital Event (to the extent it is triggered by a change of methodology at S&P), a Change of Control Event, a Withholding Tax Event or a Tax Deductibility Event, or*
- (d) if the Capital Securities are not assigned an "equity credit" (or such similar nomenclature then used by S&P at the time of such redemption or repurchase),*
- (e) in the case of any repurchase, up to the maximum amount of Capital Securities repurchased that would allow the Issuer's aggregate principal amount of hybrid capital remaining outstanding after such repurchase to be equal to or greater than the maximum aggregate principal amount of hybrid capital to which S&P would assign "equity credit" (or such similar nomenclature then used by S&P at the time of such repurchase); or*
- (f) if such redemption or repurchase occurs on or after 4 April 2043, the 2043 Step-Up Date.*

## Summary of provisions relating to the Capital Securities in Global Form

### Part A - Provisions relating to the SEK NC5.5 Fixed Rate Reset Capital Securities whilst in global form

#### *Global Capital Securities and Definitive Capital Securities*

The SEK NC5.5 Fixed Rate Reset Capital Securities will initially be represented by a temporary global capital security (the “**SEK NC5.5 Fixed Rate Reset Temporary Global Capital Security**”) which will be deposited on or around the Issue Date with a common depository for Euroclear and Clearstream, Luxembourg.

The SEK NC5.5 Fixed Rate Reset Temporary Global Capital Security will be exchangeable in whole or in part for interests in a permanent global capital security (the “**SEK NC5.5 Fixed Rate Reset Permanent Global Capital Security**”) not earlier than 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the SEK NC5.5 Fixed Rate Reset Temporary Global Capital Security unless exchange for interests in the SEK NC5.5 Fixed Rate Reset Permanent Global Capital Security is improperly withheld or refused. In addition, interest payments in respect of the SEK NC5.5 Fixed Rate Reset Temporary Global Capital Security cannot be collected without such certification of non-U.S. beneficial ownership.

The SEK NC5.5 Fixed Rate Reset Permanent Global Capital Security will become exchangeable in whole, but not in part, for SEK NC5.5 Fixed Rate Reset Capital Securities in definitive form (the “**SEK NC5.5 Fixed Rate Reset Definitive Capital Securities**”) in the denominations of SEK1,000,000 and integral multiples of SEK10,000 in excess thereof up to and including SEK1,990,000, at the request of the bearer of the SEK NC5.5 Fixed Rate Reset Permanent Global Capital Security against presentation and surrender of the SEK NC5.5 Fixed Rate Reset Permanent Global Capital Security to the Fiscal Agent if either of the following events (each, an “**Exchange Event**”) occurs: (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 11(a) occurs.

Whenever the SEK NC5.5 Fixed Rate Reset Permanent Global Capital Security is to be exchanged for SEK NC5.5 Fixed Rate Reset Definitive Capital Securities, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such SEK NC5.5 Fixed Rate Reset Definitive Capital Securities, duly authenticated and with Coupons (and, if applicable a Talon) attached, in an aggregate principal amount equal to the principal amount of the SEK NC5.5 Fixed Rate Reset Permanent Global Capital Security to the bearer of the SEK NC5.5 Fixed Rate Reset Permanent Global Capital Security against the surrender of the SEK NC5.5 Fixed Rate Reset Permanent Global Capital Security to or to the order of the Fiscal Agent within 30 days of the occurrence of the relevant Exchange Event.

#### *Modifications to the terms of the SEK NC5.5 Fixed Rate Reset Capital Securities whilst in global form*

In addition, the SEK NC5.5 Fixed Rate Reset Temporary Global Capital Security and the SEK NC5.5 Fixed Rate Reset Permanent Global Capital Security will contain provisions which modify the Conditions as they apply to the SEK NC5.5 Fixed Rate Reset Capital Securities for so long as they are represented by the SEK NC5.5 Fixed Rate Reset Temporary Global Capital Security and/or the SEK NC5.5 Fixed Rate Reset Permanent Global Capital Security. The following is a summary of certain of those provisions:

### *Payments*

All payments in respect of the SEK NC5.5 Fixed Rate Reset Temporary Global Capital Security and the SEK NC5.5 Fixed Rate Reset Permanent Global Capital Security will be made to, or to the order of, the bearer of the same against presentation for endorsement and (in the case of payment of principal in full with all Deferred Interest and any other interest accrued thereon) surrender of the SEK NC5.5 Fixed Rate Reset Temporary Global Capital Security or (as the case may be) the SEK NC5.5 Fixed Rate Reset Permanent Global Capital Security to any Paying Agent, and each payment so made will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the relevant amount so paid on the SEK NC5.5 Fixed Rate Reset Capital Securities.

On each occasion on which a payment of principal or interest is made in respect of the SEK NC5.5 Fixed Rate Reset Temporary Global Capital Security or the SEK NC5.5 Fixed Rate Reset Permanent Global Capital Security, the Issuer shall procure that the payment is noted in a schedule thereto.

### *Calculation of interest*

For so long as all of the SEK NC5.5 Fixed Rate Reset Capital Securities are represented by the SEK NC5.5 Fixed Rate Reset Temporary Global Capital Security and/or the SEK NC5.5 Fixed Rate Reset Permanent Global Capital Security (as the case may be), interest shall be calculated in respect of the entire principal amount of SEK NC5.5 Fixed Rate Reset Capital Securities represented by the SEK NC5.5 Fixed Rate Reset Temporary Global Capital Security and/or the SEK NC5.5 Fixed Rate Reset Permanent Global Capital Security (as the case may be) and not per Calculation Amount as provided in Condition 4(b).

### *Transfers*

Transfers of book-entry interests in the Capital Securities will be effected through the records of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants in accordance with their respective rules and procedures.

### *Redemption and cancellation*

Any redemption or purchase and cancellation of any SEK NC5.5 Fixed Rate Reset Capital Securities will be effected by a corresponding reduction in the nominal amount of the SEK NC5.5 Fixed Rate Reset Temporary Global Capital Security or the SEK NC5.5 Fixed Rate Reset Permanent Global Capital Security representing such SEK NC5.5 Fixed Rate Reset Capital Securities.

### *Notices*

For so long as all of the SEK NC5.5 Fixed Rate Reset Capital Securities are represented by the SEK NC5.5 Fixed Rate Reset Temporary Global Capital Security and/or the SEK NC5.5 Fixed Rate Reset Permanent Global Capital Security (as the case may be) and the same are deposited with a common depository for Euroclear and Clearstream, Luxembourg, notices to Holders may be given, in lieu of publication as provided in Condition 17, by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for onwards transmission to the Holders and, in any case, such notice shall be deemed to have been given to the Holders on the date of delivery of the notice to Euroclear and Clearstream, Luxembourg.

For so long as such SEK NC5.5 Fixed Rate Reset Capital Securities are admitted to listing and/or trading on any market or stock exchange, notice shall also be given in such manner as may be required or permitted by the rules of such market or stock exchange.

### *Clearing Systems*

References herein to Euroclear and Clearstream, Luxembourg shall include any successor or other clearing system in which the SEK NC5.5 Fixed Rate Reset Capital Securities may be cleared and/or traded from time to time.

## **Part B - Provisions relating to the SEK NC5.5 Floating Rate Capital Securities whilst in global form**

### ***Global Capital Securities and Definitive Capital Securities***

The SEK NC5.5 Floating Rate Capital Securities will initially be represented by a temporary global capital security (the “**SEK NC5.5 Floating Rate Temporary Global Capital Security**”) which will be deposited on or around the Issue Date with a common depository for Euroclear and Clearstream, Luxembourg.

The SEK NC5.5 Floating Rate Temporary Global Capital Security will be exchangeable in whole or in part for interests in a permanent global capital security (the “**SEK NC5.5 Floating Rate Permanent Global Capital Security**”) not earlier than 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the SEK NC5.5 Floating Rate Temporary Global Capital Security unless exchange for interests in the SEK NC5.5 Floating Rate Permanent Global Capital Security is improperly withheld or refused. In addition, interest payments in respect of the SEK NC5.5 Floating Rate Temporary Global Capital Security cannot be collected without such certification of non-U.S. beneficial ownership.

The SEK NC5.5 Floating Rate Permanent Global Capital Security will become exchangeable in whole, but not in part, for SEK NC5.5 Floating Rate Capital Securities in definitive form (the “**SEK NC5.5 Floating Rate Definitive Capital Securities**”) in the denominations of SEK1,000,000 and integral multiples of SEK10,000 in excess thereof up to and including SEK1,990,000, at the request of the bearer of the SEK NC5.5 Floating Rate Permanent Global Capital Security against presentation and surrender of the SEK NC5.5 Floating Rate Permanent Global Capital Security to the Fiscal Agent if either of the following events (each, an “**Exchange Event**”) occurs: (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 11(a) occurs.

Whenever the SEK NC5.5 Floating Rate Permanent Global Capital Security is to be exchanged for SEK NC5.5 Floating Rate Definitive Capital Securities, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such SEK NC5.5 Floating Rate Definitive Capital Securities, duly authenticated and with Coupons (and, if applicable a Talon) attached, in an aggregate principal amount equal to the principal amount of the SEK NC5.5 Floating Rate Permanent Global Capital Security to the bearer of the SEK NC5.5 Floating Rate Permanent Global Capital Security against the surrender of the SEK NC5.5 Floating Rate Permanent Global Capital Security to or to the order of the Fiscal Agent within 30 days of the occurrence of the relevant Exchange Event.

### ***Modifications to the terms of the SEK NC5.5 Floating Rate Capital Securities whilst in global form***

In addition, the SEK NC5.5 Floating Rate Temporary Global Capital Security and the SEK NC5.5 Floating Rate Permanent Global Capital Security will contain provisions which modify the Conditions as they apply to the SEK NC5.5 Floating Rate Capital Securities for so long as they are represented by the SEK NC5.5 Floating Rate Temporary Global Capital Security and/or the SEK NC5.5 Floating Rate Permanent Global Capital Security. The following is a summary of certain of those provisions:

#### *Payments*

All payments in respect of the SEK NC5.5 Floating Rate Temporary Global Capital Security and the SEK NC5.5 Floating Rate Permanent Global Capital Security will be made to, or to the order of, the bearer of the same against presentation for endorsement and (in the case of payment of principal in full with all Deferred

Interest and any other interest accrued thereon) surrender of the SEK NC5.5 Floating Rate Temporary Global Capital Security or (as the case may be) the SEK NC5.5 Floating Rate Permanent Global Capital Security to any Paying Agent, and each payment so made will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the relevant amount so paid on the SEK NC5.5 Floating Rate Capital Securities.

On each occasion on which a payment of principal or interest is made in respect of the SEK NC5.5 Floating Rate Temporary Global Capital Security or the SEK NC5.5 Floating Rate Permanent Global Capital Security, the Issuer shall procure that the payment is noted in a schedule thereto.

#### *Calculation of interest*

For so long as all of the SEK NC5.5 Floating Rate Capital Securities are represented by the SEK NC5.5 Floating Rate Temporary Global Capital Security and/or the SEK NC5.5 Floating Rate Permanent Global Capital Security (as the case may be), interest shall be calculated in respect of the entire principal amount of SEK NC5.5 Floating Rate Capital Securities represented by the SEK NC5.5 Floating Rate Temporary Global Capital Security and/or the SEK NC5.5 Floating Rate Permanent Global Capital Security (as the case may be) and not per Calculation Amount as provided in Condition 4(b).

#### *Transfers*

Transfers of book-entry interests in the Capital Securities will be effected through the records of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants in accordance with their respective rules and procedures.

#### *Redemption and cancellation*

Any redemption or purchase and cancellation of any SEK NC5.5 Floating Rate Capital Securities will be effected by a corresponding reduction in the nominal amount of the SEK NC5.5 Floating Rate Temporary Global Capital Security or the SEK NC5.5 Floating Rate Permanent Global Capital Security representing such SEK NC5.5 Floating Rate Capital Securities.

#### *Notices*

For so long as all of the SEK NC5.5 Floating Rate Capital Securities are represented by the SEK NC5.5 Floating Rate Temporary Global Capital Security and/or the SEK NC5.5 Floating Rate Permanent Global Capital Security (as the case may be) and the same are deposited with a common depository for Euroclear and Clearstream, Luxembourg, notices to Holders may be given, in lieu of publication as provided in Condition 17, by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for onwards transmission to the Holders and, in any case, such notice shall be deemed to have been given to the Holders on the date of delivery of the notice to Euroclear and Clearstream, Luxembourg.

For so long as such SEK NC5.5 Floating Rate Capital Securities are admitted to listing and/or trading on any market or stock exchange, notice shall also be given in such manner as may be required or permitted by the rules of such market or stock exchange.

#### *Clearing Systems*

References herein to Euroclear and Clearstream, Luxembourg shall include any successor or other clearing system in which the SEK NC5.5 Floating Rate Capital Securities may be cleared and/or traded from time to time.

## **Part C - Provisions relating to the EUR NC6 Fixed Rate Reset Capital Securities whilst in global form**

### ***Global Capital Securities and Definitive Capital Securities***

The EUR NC6 Fixed Rate Reset Capital Securities will initially be represented by a temporary global capital security (the “**EUR NC6 Temporary Global Capital Security**”) which will be deposited on or around the Issue Date with a common depositary for Euroclear and Clearstream, Luxembourg.

The EUR NC6 Temporary Global Capital Security will be exchangeable in whole or in part for interests in a permanent global capital security (the “**EUR NC6 Permanent Global Capital Security**”) not earlier than 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the EUR NC6 Temporary Global Capital Security unless exchange for interests in the EUR NC6 Permanent Global Capital Security is improperly withheld or refused. In addition, interest payments in respect of the EUR NC6 Temporary Global Capital Security cannot be collected without such certification of non-U.S. beneficial ownership.

The EUR NC6 Permanent Global Capital Security will become exchangeable in whole, but not in part, for EUR NC6 Fixed Rate Reset Capital Securities in definitive form (the “**EUR NC6 Definitive Capital Securities**”) in the denominations of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000, at the request of the bearer of the EUR NC6 Permanent Global Capital Security against presentation and surrender of the EUR NC6 Permanent Global Capital Security to the Fiscal Agent if either of the following events (each, an “**Exchange Event**”) occurs: (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 11(a) occurs.

Whenever the EUR NC6 Permanent Global Capital Security is to be exchanged for EUR NC6 Definitive Capital Securities, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such EUR NC6 Definitive Capital Securities, duly authenticated and with Coupons (and, if applicable a Talon) attached, in an aggregate principal amount equal to the principal amount of the EUR NC6 Permanent Global Capital Security to the bearer of the EUR NC6 Permanent Global Capital Security against the surrender of the EUR NC6 Permanent Global Capital Security to or to the order of the Fiscal Agent within 30 days of the occurrence of the relevant Exchange Event.

### ***Modifications to the terms of the EUR NC6 Fixed Rate Reset Capital Securities whilst in global form***

In addition, the EUR NC6 Temporary Global Capital Security and the EUR NC6 Permanent Global Capital Security will contain provisions which modify the Conditions as they apply to the EUR NC6 Fixed Rate Reset Capital Securities for so long as they are represented by the EUR NC6 Temporary Global Capital Security and/or the EUR NC6 Permanent Global Capital Security. The following is a summary of certain of those provisions:

#### *Payments*

All payments in respect of the EUR NC6 Temporary Global Capital Security and the EUR NC6 Permanent Global Capital Security will be made to, or to the order of, the bearer of the same against presentation for endorsement and (in the case of payment of principal in full with all Deferred Interest and any other interest accrued thereon) surrender of the EUR NC6 Temporary Global Capital Security or (as the case may be) the EUR NC6 Permanent Global Capital Security to any Paying Agent, and each payment so made will be

effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the relevant amount so paid on the EUR NC6 Fixed Rate Reset Capital Securities.

On each occasion on which a payment of principal or interest is made in respect of the EUR NC6 Temporary Global Capital Security or the EUR NC6 Permanent Global Capital Security, the Issuer shall procure that the payment is noted in a schedule thereto.

#### *Calculation of interest*

For so long as all of the EUR NC6 Fixed Rate Reset Capital Securities are represented by the EUR NC6 Temporary Global Capital Security and/or the EUR NC6 Permanent Global Capital Security (as the case may be), interest shall be calculated in respect of the entire principal amount of EUR NC6 Fixed Rate Reset Capital Securities represented by the EUR NC6 Temporary Global Capital Security and/or the EUR NC6 Permanent Global Capital Security (as the case may be) and not per Calculation Amount as provided in Condition 4(b).

#### *Transfers*

Transfers of book-entry interests in the Capital Securities will be effected through the records of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants in accordance with their respective rules and procedures.

#### *Redemption and cancellation*

Any redemption or purchase and cancellation of any EUR NC6 Fixed Rate Reset Capital Securities will be effected by a corresponding reduction in the nominal amount of the EUR NC6 Temporary Global Capital Security or the EUR NC6 Permanent Global Capital Security representing such EUR NC6 Fixed Rate Reset Capital Securities.

#### *Notices*

For so long as all of the EUR NC6 Fixed Rate Reset Capital Securities are represented by the EUR NC6 Temporary Global Capital Security and/or the EUR NC6 Permanent Global Capital Security (as the case may be) and the same are deposited with a common depository for Euroclear and Clearstream, Luxembourg, notices to Holders may be given, in lieu of publication as provided in Condition 17, by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for onwards transmission to the Holders and, in any case, such notice shall be deemed to have been given to the Holders on the date of delivery of the notice to Euroclear and Clearstream, Luxembourg.

For so long as such EUR NC6 Fixed Rate Reset Capital Securities are admitted to listing and/or trading on any market or stock exchange, notice shall also be given in such manner as may be required or permitted by the rules of such market or stock exchange.

#### *Clearing Systems*

References herein to Euroclear and Clearstream, Luxembourg shall include any successor or other clearing system in which the EUR NC6 Fixed Rate Reset Capital Securities may be cleared and/or traded from time to time.

## **Use of Proceeds**

The net proceeds of the issue of the Capital Securities will be used by the Issuer for general corporate purposes, including (without limitation), in the sole discretion of the Issuer, to refinance certain of its outstanding debt obligations.

## Description of the Issuer

### TELIA COMPANY AB (PUBL)

#### Overview

The Issuer's legal and commercial name is Telia Company AB (publ) ("**Telia Company**"), as adopted at the Annual General Meeting on 12 April 2016. The Issuer's previous legal and commercial name was TeliaSonera AB (publ) ("**TeliaSonera**"). The Issuer was incorporated in and under the laws of Sweden on 24 January 1966 and operates as a public limited liability company, registered under the laws of Sweden with registration number 556103-4249. The registered office of the Issuer is at Stjärntorget 1, SE-169 94 Solna, Sweden with telephone number +46 8 504 55000.

TeliaSonera was created as a result of Telia AB ("**Telia**") acquiring Sonera Corporation ("**Sonera**") in December 2002 (the "**Merger**"). The Merger brought together two of the leading telecommunications companies in the Nordic region to form the leading telecommunications group in the Nordic and Baltic region.<sup>1</sup> Telia Company is also a leading provider of mobile services in Eurasia, including holdings in leading mobile operators in Russia and Turkey.

For the year ended 31 December 2016, net sales of Telia Company (then TeliaSonera) and its subsidiaries (the "**Group**") amounted to SEK 84.2 billion for continuing operations and the Group had 21,030 employees in the continuing operations. Operations in former segment region Eurasia are reported as discontinued operations.

During 2016, the Group's operating income, excluding non-recurring items from continuing operations, amounted to SEK 17,123 million (compared to SEK 17,814 million in 2015). EBITDA,<sup>2</sup> excluding non-recurring items, increased to SEK 25,836 million (SEK 25,281 million in 2015). Net income increased to SEK 16,433 million (SEK 9,532 million in 2015) and CAPEX<sup>3</sup> increased to SEK 15,625 million (SEK 14,595 million in 2015). Free cash flow<sup>4</sup> from continuing and discontinued operations decreased to SEK 7,267 million for the year 2016 (SEK 16,550 million in 2015).

On 31 December 2016, the Group's net debt<sup>5</sup> (interest-bearing liabilities less derivatives recognised as financial assets (and hedging long-term and short-term borrowings) and related credit support annex (CSA), less short-term investments, long-term bonds available for sale and cash/cash equivalents) was SEK 50,756 million (SEK 55,717 million in 2015).

In the table below, the calculation of percentages in the "Percentage (%) of outstanding shares" column is based upon the number of Telia Company (then TeliaSonera) shares outstanding on 31 December 2016:

Shareholder	Number of shares/votes	Percentage (%) of outstanding shares
Swedish State .....	1,614,513,748	37.3
Capital Group Funds .....	162,536,783	3.8
Finnish State.....	137,123,642	3.2

<sup>1</sup> Statements in this section relating to Telia Company's competitive position in the geographical markets in which it operates are based upon estimates by Telia Company with respect to number of subscriptions.

<sup>2</sup> See pages 225 and 227 of the annual and sustainability report for the year ended 31 December 2016.

<sup>3</sup> See pages 226 and 227 of the annual and sustainability report for the year ended 31 December 2016.

<sup>4</sup> See pages 226 and 227 of the annual and sustainability report for the year ended 31 December 2016.

<sup>5</sup> See pages 226 and 227 of the annual and sustainability report for the year ended 31 December 2016.

<b>Shareholder</b>	<b>Number of shares/votes</b>	<b>Percentage (%) of outstanding shares</b>
Other shareholders .....	2,415,910,608	55.7
<b>Total shares outstanding</b> .....	<b>4,330,084,781</b>	<b>100.0</b>

The shares of Telia Company are listed on Nasdaq Stockholm and Nasdaq Helsinki. Telia Company voluntarily terminated the listing of the company’s American Depositary Shares (ADS) on Nasdaq on 6 August 2004, in light of the low trading level and high costs.

In June 2007, Telia Company also terminated the registration of its shares under the U.S. Securities and Exchange Act of 1934.

## **Purpose and Values<sup>6</sup>**

### ***Purpose: Bringing the world closer – on the customer’s terms***

Telia Company’s ambition is to take Telia Company to the next level, to become a new generation telco. To grow its business and to stay inspired in its daily work, Telia Company needs to be truly relevant to its consumer and business customers. Telia Company’s purpose is focused on the customer perspective.

***Telia Company’s set of values: – Dare, Care and Simplify – is the compass that leads us in how we act and behave in our daily work.***

- *We dare to – innovate by sharing ideas, taking risk and continuously learn; lead by engaging with our customers and challenging ourselves; speak up by expressing opinions and concerns.*
- *We care for – our customers by providing solutions that are adapted to their needs; each other by being supportive, respectful and honest; our world by acting responsibly and in accordance with our ethical standards.*
- *We simplify – execution by taking actionable decisions and deliver with speed; teamwork by transparent communication, active collaboration and knowledge sharing; our operations by efficient processes and clear ownership.*

## **Strategy**

Telia Company’s strategy is based on continuous development of its core business combined with focused bets in areas that are strengthening the core but also build new businesses in growing areas.

### **Enhance the core**

The foundation of Telia Company’s core business is its superior network connectivity. This means that Telia Company secures a network that can transport massive data volumes with high quality and its investments are steered towards modern technologies such as fiber and 4G. Telia Company is also developing 5G together with its industry partners and has started to virtualise its network and drive the software defined networks. As the demand for voice services is declining, Telia Company monetises data services in order to compensate for the decline in demand for voice services. A

<sup>6</sup> References in the sections entitled “Purpose and Values” to “we” or “our” are to the Issuer.

quality network must be combined with an excellent customer experience. This means that Telia Company needs to offer customers a seamless experience independent of which networks they are moving between. As the mobile and the fixed networks are converging, Telia Company can optimise the transportation of data to secure both the experience and the production of data. However, to further enhance the customer experience Telia Company must deliver solutions and functionality in order to sell hardware, equipment and services e.g. cloud service as a service. This means that Telia Company is focusing on the IT and telecom convergence for the business-to-business (B2B) customers. As information technology (IT) goes cloud and several customers are using the same production environment, the IT business is moving towards the telco logic and thereby gives Telia Company an opportunity to capture a larger part of the customers telco and IT spend.

In the business-to-customer (B2C) market, Telia Company is focusing on delivering a converged customer experience. This means that Telia Company enables customers to interact with it and its services seamlessly between channels, devices, networks and services with a unified and constant experience. By giving the customer the best experience, Telia Company aims to build loyalty and preference towards its services. In order to secure competitive operations, Telia Company is rebuilding its factory. This is what Telia Company calls transformed operations. Telia Company starts by simplifying its product portfolio and securing attractive business rules. After that, Telia Company builds new IT systems that are agile and flexible to secure a competitive cost level. By using a modern operational transformation architecture with applications programme interfaces, Telia Company can secure adaptability also for future needs. Driving this through an online first mentality, Telia Company can also simplify and make its distribution more customer-friendly. Telia Company are also managing services cross border to secure that it takes out scale synergies in the areas where it can. One of the key areas is sourcing where Telia Company reduces cost through scale sourcing and demand management driven at the Group level. In the networks area, Telia Company optimises build-out through analytics and by closing down legacy networks.

### **Explore opportunities close to the core**

In order to further grow its business and create customer relevance Telia Company has chosen four focus areas:

- **Internet of things (“IoT”)** – Interconnected devices combined with analytics and rule engines. This is offered as connectivity, enabling platforms, vertical solutions of eco-system services. The IoT is another example of the convergence between IT & telecom.
- **eHealth** – In this area Telia Company is offering connected medical devices, home care solutions and special services targeting the treatment of specific diseases. Telia Company is also working with hospitals and clinics on digitalised journals and decision support systems.
- **Security** – In this area Telia Company secures customers’ networks from intrusion and cyber-attacks. Telia Company also offers solutions to secure identity and the integrity of customer solutions.
- **Media** – Telia Company is today a leading TV provider in the Nordics & Baltics. It is now moving its services to on-demand and Over The Top (OTT) to secure a leading position in media services targeting the new consumption behavior. Telia Company seek the richest content offering and best user experience combining multiple content sources.

## **Code of Responsible Business Conduct**

In September 2016, Telia Company launched its new Code of Responsible Business Conduct (the “Code”) that replaces the previous code of ethics and conduct.

The Code aims to raise awareness and engagement with regards to ethics, values, dilemmas, culture and leadership. The new Code more clearly reflects the expectations of employees and management as well as the consequences of non-compliance. Its 17 chapters reflect the Group policies and instructions and provide practical, instructional information on how to interpret the Code requirements. In addition, it includes information about contact points for raising concerns and whistle-blowing through the externally available Speak-Up Line. The Code is available at <http://dontdothisatwork.teliacompany.com/>.

## **Capital management**

Telia Company’s capital structure and dividend policy is decided by its Board of Directors. Telia Company shall continue to target a solid investment grade long-term credit rating (A- to BBB+).

## **Organisational structure**

Telia Company provides communication services helping millions of people to be connected and communicate, do business and be entertained. By doing that Telia Company fulfils its purpose of *bringing the world closer – on the customer’s terms*.

Telia Company’s operations stretch around the globe. Telia Company connects businesses, individuals, families and communities via fixed and mobile communication solutions. Its services have a positive effect on social, economic and environmental development and pave the way for an inclusive society. Telia Company allows people to stay in touch wherever they are in the world.

In many of Telia Company’s markets, it is among the biggest employers and tax payers. It works with an ecosystem of new start-ups and major service providers, together providing the infrastructure for creativity, growth and change.

Telia Company’s largest businesses are mobile, broadband, TV- and fixed-line operations in the Nordics and Baltics, and mobile operations in Eurasia. During 2015, the Board of Directors announced the decision to gradually reduce its presence in the Eurasia region, enabling Telia Company to fully focus on its core markets. Telia Company’s organisational structure changed as of 1 January 2017, in order to enhance business focus and facilitate quicker decision making across the Group whilst ramping up execution across the Nordic and Baltic markets while at the same time maintaining focus on its responsible business agenda.

The organisational structure is country-based comprising mobile, broadband, TV and fixed-line operations in Sweden, Finland, Norway, Denmark, Estonia, Latvia and Lithuania.

### ***Region Eurasia (former segment region Eurasia reported as discontinued operations)***

The region comprises Telia Company’s mobile operations in Kazakhstan, Azerbaijan, Uzbekistan, Tajikistan, Georgia and Moldova. The mobile operation in Nepal was divested in April 2016.

### ***Group functions***

The Group functions assist the CEO in setting the framework for the activities of the countries and provide the countries with process development support and common platforms within the areas communication, corporate strategy, finance, procurement, human resources and corporate affairs, as well as group-wide commercial and technology issues.

In 2016, Telia Company's total net sales amounted to SEK 84,178 million for continuing operations.

The following table sets forth Telia Company's net sales by segment for the year ended 31 December 2016:

	<i>Net sales</i>
<b>Segment</b>	<b>(SEK in millions)</b>
Region Sweden .....	37,251
Region Europa .....	41,746
Other operations .....	7,468
Eliminations .....	(2,287)
<b>TOTAL .....</b>	<b><u>84,178</u></b>

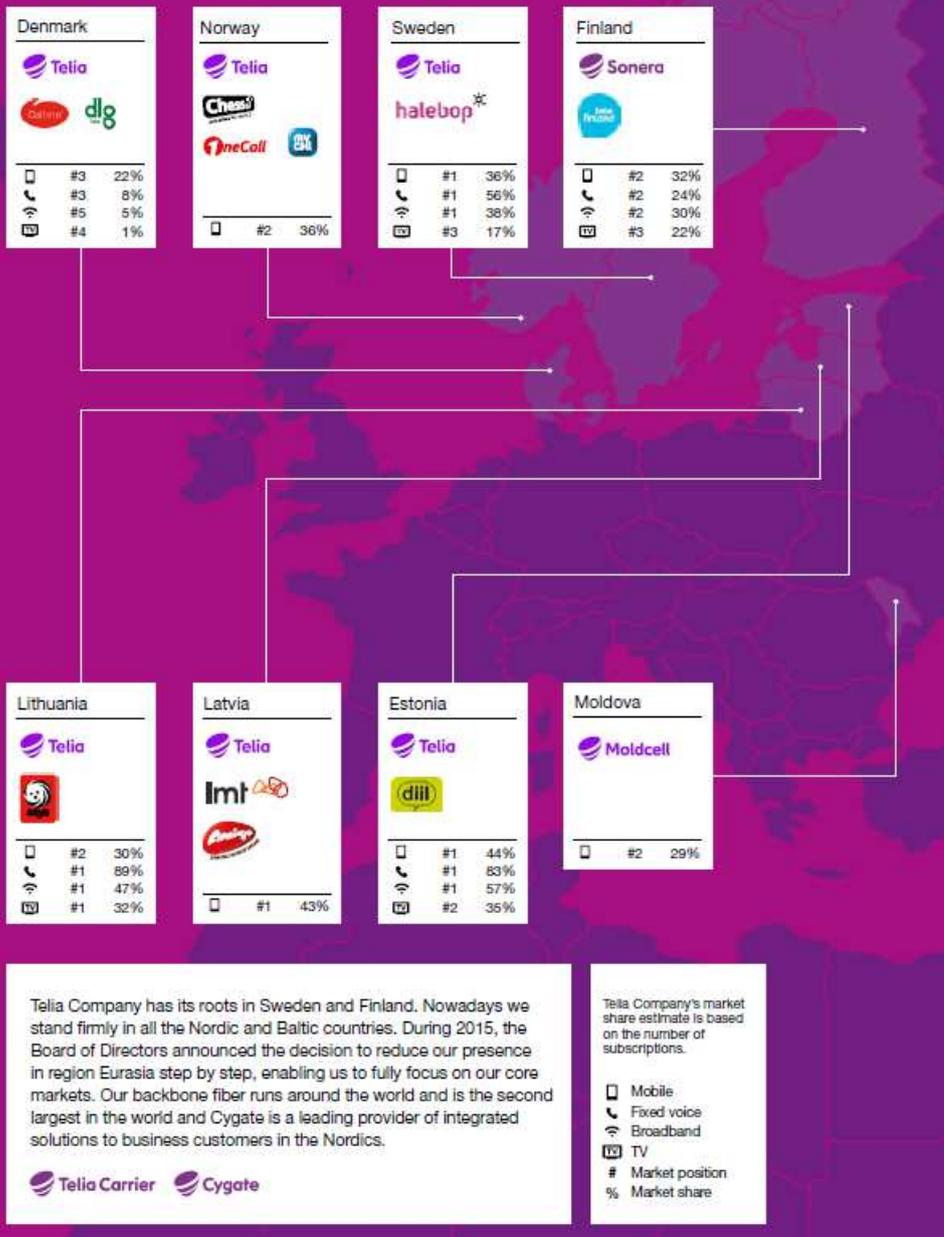
### **Markets and brands**

The following table sets forth Telia Company's operations per country for the year ended 31 December 2016:<sup>7</sup>

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<sup>7</sup> Source: Telia Company AB (publ) Annual and Sustainability Report 2016

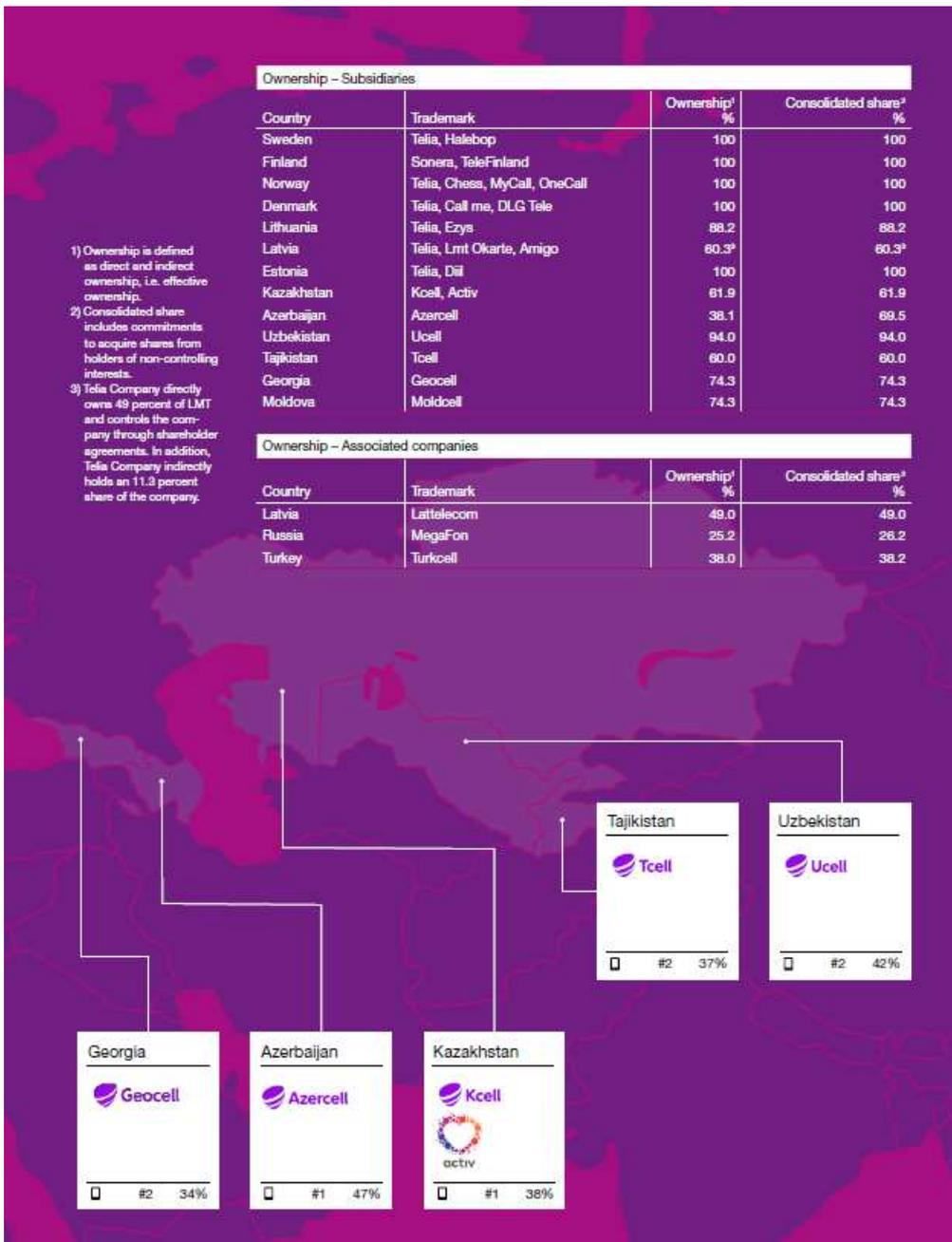
## WHERE WE OPERATE



Telia Company has its roots in Sweden and Finland. Nowadays we stand firmly in all the Nordic and Baltic countries. During 2015, the Board of Directors announced the decision to reduce our presence in region Eurasia step by step, enabling us to fully focus on our core markets. Our backbone fiber runs around the world and is the second largest in the world and Cygate is a leading provider of integrated solutions to business customers in the Nordics.

Telia Company's market share estimate is based on the number of subscriptions.

- Mobile
- Fixed voice
- Broadband
- TV
- # Market position
- % Market share



## Regulation

### European Union

As Member States of the European Union (the “EU”), Sweden, Finland, Denmark, Lithuania, Latvia and Estonia are required to follow EU regulations and enact domestic legislation to give effect to EU directives. Norway is under similar obligations as a party to the European Economic Area Agreement.

In 2009, the European Parliament and the European Council adopted a revised regulatory framework for electronic communications networks and services (the “**EU Communications Framework**”), which applies to the types of telecommunications services that Telia Company offers. The EU Communication Framework aims at driving competition in the sector as well as

providing sector specific consumer protection. The EU Communications Framework is currently being reviewed, and the European Commission adopted their proposal for a new framework in September 2016. The new framework is expected to be finally adopted in 2019 or 2020. The new framework, often referred to as the Code, is meant to provide for more harmonised and generic rules and, in certain instances, will apply to non-traditional telecommunication providers (so called “Over-The-Top” players). The draft Code provides some positive proposals relating to spectrum assignments as well as access rules, however it is at this point of time difficult to predict the outcome for these provisions in the finally adopted Directive.

National regulatory authorities (“**NRAs**”), including those in the countries in which Telia Company operates, are expected to undertake a market analysis on the basis of markets listed in so-called Relevant Market Recommendations established by the European Commission (the “**Commission Recommendations**”). The present Commission Recommendation of October 2014 comprises 4 (including 3a and 3b) markets that the NRAs must analyse. NRAs then determine and designate companies having significant market power (“**SMP**”) within those markets. They can also impose or maintain *ex ante* sector-specific obligations when *ex post* remedies of competition law are not adequate to meet the market problems identified. Possible obligations could include *inter alia* transparency, accounting separation, network access and price control. If a market is found to be effectively competitive, existing obligations should, according to the regulatory framework, be withdrawn. The revised EU telecoms rules *inter alia* give the European Commission the power to oversee regulatory remedies proposed by national regulators (e.g. on the conditions of access to the network of an SMP operator; or on fixed or mobile termination rates). The objective is to avoid inconsistent regulation that could distort competition in the single telecoms market.

There are also special directives on electronic commerce, payment services and on a number of other areas of relevance to Telia Company’s operations. The regulatory regimes in each of the aforesaid countries in which Telia Company operates are generally based on the requirements of the EU Communications Framework and other directives.

In 2007, the European Parliament and the European Council adopted a roaming regulation which introduced price caps on both wholesale and retail voice calls, data roaming and SMS, decreasing annually until 2016. Since 2007, the EU has modified the roaming regulation several times and the latest version was adopted in November 2015 as the so called “Telecom Single Market Regulation”. The Telecom Single Market Regulation stipulates that from the end of April 2016 roaming retail prices must be significantly reduced (caps will be domestic price levels per unit and a surcharge which is equal to the wholesale caps). From June 2017 operators will not be allowed to apply any surcharges for retail roaming and “Roam-Like-At-Home” (RLAH) will be introduced. In certain instances operators will still be allowed to apply a surcharge, namely when the customer has reached a so-called Fair-use-policy (“**FUP**”). The FUP will assist operators to prevent abuse and anomalous roaming usage. In end of January 2017 the trilogue negotiations were finalised regarding the wholesale caps which will be applied from June 2017 until 2022.

The Telecom Single Market Regulation also addresses net neutrality. The net neutrality legislation is meant to ensure that users will be free to access the content of their choice. Internet access service providers will not be allowed to unfairly block or slow down internet traffic, and paid prioritisation will not be allowed. The law still permits Internet access providers to offer specialised services of higher quality, such as Internet TV and new innovative applications, so long as these services are not supplied at the expense of the quality of the open Internet. These new obligations came into force on 30 April 2016.

In January 2012 the European Commission proposed a General Data Protection Regulation which was supported by the European Parliament on March 2014. The Regulation was finally adopted in

April 2016 and will come into force in May 2018. The objective of the Regulation is to ensure Europeans get more control over their personal data, and make it easier for businesses to operate and innovate in the EU's Single Market under a harmonised set of rules. The new rules focus on strict accountability of data controllers and will be enforced by strict sanctions.

## **Implementation of EU Communications Framework**

### *Sweden*

In Sweden, the Act on Electronic Communications implements the legislation relating to the EU Communications Framework. Telia Company has SMP status on the wholesale markets for interconnection in the fixed network and in the mobile network and for network infrastructure access. The Swedish NRA ("PTS") has imposed obligations on all of these markets. On the market for network infrastructure access, PTS has imposed an obligation of non-discrimination based on Equivalence of Input, effective from 1 December 2016. At the same time, the price regulation on fibre access was withdrawn. PTS has started a new analysis on this market.

On the markets for terminating segments of leased lines and on the market for access to the public telephone network PTS has withdrawn the SMP status for Telia Company. However, the decisions has not yet gained legal force.

### *Finland*

In Finland, Telia Company is subject to the Information Society Code and related regulations, decrees and administrative decisions which implement the EU Communications Framework. The Information Society Code integrates key provisions that apply to the communications industry under one Act. The new legislation, applicable in full since July 2015, not only integrated the current legislation, but also amended the rules in several areas such as privacy, consumer protection and SMP regulation.

Telia Company and its competitors are subject to obligations in the following markets, where the Finnish NRA ("**Ficora**") has issued SMP decisions: call termination on individual fixed networks, wholesale unbundled access, wholesale termination of segments of leased lines, wholesale broadband access and voice call termination on individual mobile networks.

The wholesale unbundled access markets and wholesale broadband access markets are currently being analysed by Ficora, based on the European Commission's new Relevant Market Recommendation. Ficora has also developed a new LRIC+ cost calculation model to be used for wholesale unbundled access market. Ficora has in January 2017 published its draft SMP decisions for national consultation. The new SMP decisions will be issued during the first half of 2017 at the earliest.

The national legislation implementing EU Directive 2014/61/EU on measures to reduce the cost of deploying high-speed electronic communications networks has been applied from July 2016. The new legislation on shared construction and shared use of infrastructure would oblige the communications and electricity network operators, as well as water supply and transport network operators, to agree to reasonable shared use or construction of networks. The collaborative obligation would apply to access to existing passive network infrastructures with reasonable terms and coordination of civil works. The directive will also oblige network operators and authorities to provide information on future network projects and for existing networks to be generally available through a centralised information service.

## ***Other***

In Norway, Telia Norway has been designated an SMP operator in the market for mobile termination.

In Denmark Estonia, Latvia and Lithuania, Telia Company's companies have been found to have SMP status both in fixed and mobile markets.

Implementation of pricing restrictions such as fixed or cost-based pricing or other obligations imposed by the relevant NRAs on Telia Company in any of the jurisdictions it operates might have an adverse effect on its business, financial condition and results of operations.

## **Competition Laws**

Telia Company is subject to the competition laws of the countries in which it operates, local competition laws and rules and EU competition laws. Companies breaching the competition rules may be forced to pay damages that can be substantial.

## ***The European Union***

The EU competition rules set out in the EC Treaty and EU legislation are binding on EU Member States and are therefore applicable to Telia Company's operations in the EU. If those rules are breached, the European Commission may impose fines of up to ten per cent of a company's revenues on a consolidated basis in the preceding financial year. The EU competition rules are applicable to restrictions on competition which may have an appreciable effect on trade between Member States.

So long as Sweden exercises a significant influence over Telia Company, the European Commission could bring proceedings against Telia Company directly, or bring proceedings against the Sweden, to ensure that Telia Company complies with EU competition rules. This means that Telia Company might face two different proceedings, the latter of which it could not directly influence and to which it would not be a party.

Given that the Swedish State holds 37.3 per cent of Telia Company's outstanding shares, there is always a risk that Telia Company's competitors might allege that Telia Company's transactions with the Swedish State involve an element of state aid, or that the European Commission may launch a formal investigation of such a transaction on its own initiative. The European Commission has the power to order suspension of aid payments and require the recovery of aid already granted, including accrued interest. These rules do not apply when a state contributes capital in circumstances that would be acceptable to a private investor operating under normal market economy conditions.

The local competition authorities in the relevant markets where Telia Company is present are empowered to issue injunctions, and to enjoin a party to discontinue immediately practices that are not permitted under the local competition acts. The competition authorities and the NRAs can cooperate to facilitate investigations of anti-competitive behaviour in the telecommunications services sector.

## **International Obligations**

Over 70 member countries of the World Trade Organisation have entered into a Basic Telecommunications Agreement ("BTA") to provide market access to some or all of their basic

telecommunications services. The BTA took effect in February 1998. Signatories under the BTA have made commitments to provide “market access”, requiring them to refrain from imposing certain quotas or other quantitative restrictions in specified telecommunications services sectors, and to provide “national treatment” by ensuring that foreign telecommunications service suppliers are accorded the same treatment as national service suppliers. In addition, a number of signatories, including Sweden and Finland, have agreed to abide by certain pro-competitive principles set forth in a reference paper relating to the prevention of anti-competitive behaviour, interconnection, universal service, transparency of licensing criteria, independence of the regulator and non-discriminatory allocation of scarce resources.

## **Sustainability**

### ***Governance and focus areas***

The term “sustainability” covers all efforts related to how Telia Company accounts for its long-term impact on society and the environment. This means managing ethical and legal requirements, risks and opportunities in the operations and throughout the value chain. Telia Company’s sustainability work involves ensuring the health and safety of employees, minimising negative environmental impact, respecting human rights, complying with ethical business practices in all markets, improving the protection of customer privacy and more.

Implementation issues and follow-up related to sustainability risks, opportunities and compliance are discussed within the Board of Directors’ Sustainability and Ethics Committee. Group Executive Management and the Governance, Risk, Ethics and Compliance (GREC) meetings are the main discussion and decision-making forums. The Head of the Sustainability Strategy function within group staff function Corporate Affairs and Compliance Officer, who is responsible for the compliance framework, together manage group-level prioritisation, coordination and oversight of sustainability issues.

In 2016, Telia Company’s sustainability work focused on the following areas:

- Anti-corruption;
- Freedom of expression;
- Customer privacy;
- Occupational health and safety;
- Sustainability in the supply chain; and
- Environmental responsibility.

### ***Sustainability reporting***

Telia Company annually reports its sustainability performance in the combined Annual and Sustainability Report. The sustainability reporting is reviewed by the external auditors. Telia Company applies the Global Reporting Initiative guidelines for reporting on sustainability including the telecommunications sector supplement pilot.

### ***Telia Company’s commitments***

Telia Company is committed to the United Nations’ Universal Declaration of Human Rights, and the core conventions of the International Labour Organisation (ILO). The Group has also made a

commitment to observe the OECD Guidelines for Multinational Enterprises and is a signatory to the United Nations Global Compact. These commitments are incorporated into the Code of Ethics and Conduct. According to a self-assessment, Telia Company's work and commitments are in line with the ISO 26000 Guidance on Social Responsibility.

### ***Whistle-blowing process***

The Board of Directors has established a whistle-blowing process enabling employees and others to anonymously report violations in accounting, reporting or internal controls, as well as non-compliance with local laws or breaches of Telia Company's policies and ethical instructions. The solution is hosted by an external service provider specialising in operating confidential telephone and online reporting systems.

### ***Mergers and acquisitions***

Group staff function Corporate Affairs is responsible for mergers and acquisitions in order to further strengthen internal controls by separating the elements of execution and control. A merger and acquisitions manual containing instructions and outlining a clear process for conducting acquisitions governs the activities.

### **Board of Directors**

Telia Company's Board of Directors has eight ordinary members and three employee representatives and, as such, union appointees. Details of the current members of Telia Company's Board of Directors, elected at the Annual General Meeting held on 12 April 2016, including, where relevant, the principal activities performed by such members outside the Issuer, are as follows:

#### **Marie Ehrling (Born 1955)**

Chair of the Board. Elected to the Board of Directors in 2013. Ms. Ehrling was President of TeliaSonera's Swedish operations between 2002 and 2006. During 1982 – 2002, she worked for SAS Group, holding various executive positions including Deputy CEO and Head of SAS Airline. Ms. Ehrling is Chair of Securitas AB, Vice-Chair of Nordea Bank AB and Vice-Chair of Axel Johnson AB. She is elected member of Royal Swedish Academy of Engineering Sciences (IVA) and Chair Advisory Board Stockholm School of Economics. Marie Ehrling holds a BSc in Business and Economics and an Honorary Doctorate.

Shares in Telia Company: 20,000

#### **Olli-Pekka Kallasvuo (Born 1953)**

Vice-Chair of the Board. Elected to the Board of Directors in 2012. Mr. Kallasvuo was CEO and board member of Nokia Oyj from 2006 to 2010. Previously, he held various executive positions at Nokia, including the positions of COO, CFO, Head of Mobile Phones Division and Head of Nokia Americas. Mr. Kallasvuo is today Chair of Veikkaus Oy, Chair of Zenterio AB and Vice-Chair of SRV Group Plc., and he is also a board member of Cleantech Industries Global N.V., Entrada Oy, Limestone Platform AS and Foundation for Economic Education. Mr. Kallasvuo holds a Master of Law and an honorary doctorate.

Shares in Telia Company: 35,896

**Susanna Campbell (Born 1973)**

Elected to the Board of Directors in 2016. Susanna Campbell is former CEO of Ratos. Prior to that she held positions at McKinsey and Alfred Berg Corporate Finance. Ms. Campbell has an MSc, Business and Administration.

Shares in Telia Company: 10,000

**Mikko Kosonen (Born 1957)**

Elected to the Board of Directors in 2013. Mr. Kosonen is since 2008 the president of the Finnish Innovation Fund Sitra. Prior to that, he held several leading positions at Nokia between 1984 and 2007, where his final role was that of Senior Vice President, Strategy and Business Infrastructure. He is a member of the board of Technology Academy Finland, Foundation for Economic Education and Vice-Chair of Aalto University Board. Mr. Kosonen holds a doctorate degree in economic /International business.

Shares in Telia Company: 2,000

**Nina Linander (Born 1959)**

Elected to the Board of Directors in 2013. Ms. Linander is former partner at Stanton Chase International between 2006 and 2012 and prior to that SVP and Head of Treasury at Electrolux AB 2001 – 2005. Nina Linander is currently a board member of AB Industrivärden, Skanska AB, Castellum AB, Awa Holding AB and OneMed AB. Ms. Linander holds a BSc degree in Economics and a MBA (IMD) degree.

Shares in Telia Company: 5,700

**Martin Lorentzon (Born 1969)**

Mr. Lorentzon is founder and Vice-Chair of the Board of Spotify AB. He was also founder of TradeDoubler AB where he also served as a board member. Mr. Lorentzon holds a Master of Science Engineering.

Shares in Telia Company: 1,100,000 (via companies)

**Anna Settman (Born 1970)**

Elected to the Board of Directors in 2016. Anna Settman is founder of the investment company The Springfield Project and has prior to that gained significant experience from the media sector, mainly from Aftonbladet where she served as CEO. Anna Settman is a member of the board of Directors of Nordnet Bank AB and Anticimex AB. Ms. Settman studied marketing strategy and economics at the Berghs School of communications and completed the IFL Executive Management Programme at the Stockholm School of Economics.

Shares in Telia Company: 0

**Olaf Swantee (Born in 1966)**

Elected to the Board of Directors in 2016. Mr. Swantee is CEO of Sunrise and previously he was the CEO of the UK's mobile telecoms business EE. Prior to joining EE, he held a number of

Executive Board roles for Orange Group, as well as senior leadership roles within Hewlett Packard, Compaq and Digital Equipment Corporation, across Europe and the United States. Mr. Swantee holds an European MBA.

Shares in Telia Company: 0

For the purposes hereof, the business address of each Director is Telia Company AB, Stjärntorget 1, SE-169 94 Solna, Sweden.

Telia Company is not aware of any actual or potential conflicts of interest between the duties at Telia Company of the persons listed above and their private interests or duties.

### **Investigations in relation to investments in Uzbekistan and review of transactions in Eurasia**

In September 2012, serious allegations were directed at Telia Company in relation to the company's investments in Uzbekistan. On 26 September 2012, the Swedish Public Prosecutor, Gunnar Stetler, informed Telia Company that he was conducting an investigation into Telia Company's investment in a telecommunication operator business in Uzbekistan. On 3 October 2012, the Board of Directors of Telia Company assigned the law firm Mannheimer Swartling, led by its Chairman Biörn Riese, to investigate whether Telia Company's investment in a 3G licence, frequencies and number blocks in Uzbekistan in 2007 involved corruption or money laundering. Later, the investigation was expanded to include the recent investments in connection with Telia Company's operations in Uzbekistan. Following the report presented by Biörn Riese on 1 February 2013, the Board of Directors concluded that Mannheimer Swartling has not found any substance to the allegations that Telia Company committed bribery or participated in money laundering in connection with its investments in Uzbekistan.

In March 2014, Telia Company has been informed that the U.S. Department of Justice ("DOJ") has an ongoing investigation regarding Telia Company's transactions in Uzbekistan. The DOJ has sent a request for documents to Telia Company. In addition, Telia Company has received a request from the U.S. Securities and Exchange Commission (SEC) to submit documents and information related to Uzbekistan.

The Dutch Public Prosecutor's Office (the "DPPO") has also launched an investigation into the bribery and money-laundering allegations, visiting the offices of, and requesting documents from, two of Telia Company's Netherlands-based holding companies, Telia Company UTA Holding BV and Telia Company Uzbek Telecom Holding BV. These holding companies handle Telia Company's Ucell operation in Uzbekistan. As requested by the DPPO, Telia Company has provided a bank guarantee of EUR 10 million as collateral for any financial claims which may be decided against Telia Company UTA Holding BV.

On 18 April 2013, the board of directors launched a review of transactions in Eurasia, led by the international law firm Norton Rose Fulbright. At Telia Company's annual general meeting on April 2, 2014, Marie Ehrling, the Chairman of the board, presented the outcome of the review, the scope and the methodology as well as the measures taken as consequence of the review. Based on the outcome of Norton Rose Fulbright's review, it has been determined that Telia Company has conducted its business in Eurasia in a manner that was inconsistent with sound business practice and Telia Company's ethical requirements. It cannot even be ruled out that certain conduct has been in violation of the law, something that will ultimately be decided by the judiciary.

As a consequence of this review, Telia Company has taken appropriate measures in order to reduce its risk exposure and conduct of business going forward, including the following:

- Agreements with business partners have been renegotiated and in some cases terminated.
- Agreements with an external advisor who since 2007 worked closely with the former management regarding certain transactions in Eurasia have been terminated.
- Changes in the Group Management have been implemented. As a consequence thereof, several people have had to leave the company.
- A number of changes have been made in terms of risk assessment, internal control, management and board involvement and the establishment of a compliance programme. Work to develop leadership and culture of the company is ongoing.
- Telia Company continues its full cooperation with the Swedish Public Prosecutor, who since previously is conducting an investigation into Telia Company's investment in Uzbekistan. Material from NRF's review has been handed over to the Swedish prosecutor.
- Telia Company is also cooperating with foreign governmental authorities investigating matters in the Eurasia region.

## Taxation

The statements below in relation are general in nature and neither these statements nor any other statements in this Prospectus are to be regarded as advice on the tax position of any holder of Capital Securities or any person purchasing, selling or otherwise dealing in Capital Securities. Prospective holders of Capital Securities and holders of Capital Securities who are in doubt about their tax position should consult their own professional advisers.

### Swedish Taxation

*The following overview outlines certain Swedish tax consequences of the acquisition, ownership and disposal of Capital Securities. The overview is based on the laws of the Kingdom of Sweden as currently in effect and is intended to provide general information only. The overview is not exhaustive and therefore does not address all potential aspects of Swedish taxation that may be relevant for a potential investor in the Capital Securities and is neither intended to be nor should be construed as legal or tax advice. In particular, the overview does not address situations where Capital Securities are held in an investment savings account (Sw. investeringssparkonto) or the rules regarding reporting obligations for, among others, payers of interest. Specific tax consequences, which are not described below, may be applicable to certain categories of corporations, e.g. investment companies and life insurance companies. Investors should consult their professional tax advisers regarding the Swedish and foreign tax consequences (including the applicability and effect of double taxation treaties) of acquiring, owning and disposing of Capital Securities in their particular circumstances.*

#### ***Non-resident holders of Capital Securities***

As used herein, a non-resident holder means a holder of Capital Securities who is (a) an individual who is not a resident of Sweden for tax purposes and who has no connection to Sweden other than their investment in the Capital Securities, or (b) an entity not organised under the laws of Sweden or which is not otherwise resident in Sweden for tax purposes.

Payments of any principal amount or any amount that is considered to be interest for Swedish tax purposes to a non-resident holder of any Capital Securities should not be subject to Swedish income tax provided that such holder does not have a permanent establishment in Sweden to which the Capital Securities are effectively connected. Under Swedish tax law, no withholding tax is imposed on payments of principal or on payments of amounts that are considered to be interest for Swedish tax purposes to a non-resident holder of any Capital Securities.

#### ***Resident holders of Capital Securities***

As used herein, a resident holder means a holder of Capital Securities who is (a) an individual who is a resident in Sweden for tax purposes or (b) an entity organised under the laws of Sweden or which is otherwise resident in Sweden for tax purposes.

Generally, for Swedish corporations and private individuals (and estates of deceased individuals) that are resident holders of any Capital Securities, all capital income (for example income that is considered to be interest for tax purposes and capital gains on Capital Securities) will be taxable.

Specific tax consequences may be applicable if, and to the extent that, a holder of Capital Securities realises a capital loss on the Capital Securities and to any currency exchange gains or losses.

If the Capital Securities are held by a Swedish resident nominee, including a Swedish Branch of a foreign nominee, in accordance with the Swedish Financial Instruments Accounts Act (SFS 1998:1479), Swedish

preliminary taxes are withheld by the nominee on payments of amounts that are considered to be interest for Swedish tax purposes to a private individual (or an estate of a deceased individual) that is a resident holder of any Capital Securities.

### **Foreign Account Tax Compliance Act**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a foreign financial institution (as defined by FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including Sweden) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Capital Securities, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Capital Securities, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Capital Securities, such withholding would not apply prior to 1 January 2019 and Capital Securities characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if further Capital Securities (as described under the Conditions of the Capital Securities) that are not distinguishable from previously issued Capital Securities are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Capital Securities, including the Capital Securities offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Capital Securities. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Capital Securities, no person will be required to pay additional amounts as a result of the withholding.

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

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”). However, Estonia has since stated that it will not participate.

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in Capital Securities (including secondary market transactions) in certain circumstances.

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

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

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

## Subscription and Sale

Citigroup Global Markets Limited (the “**Structuring Adviser and Global Coordinator**”), BNP Paribas and Skandinaviska Enskilda Banken AB (publ) (the “**Joint Global Coordinators**”) and Barclays Bank PLC, Goldman Sachs International, Merrill Lynch International and Nordea Bank AB (publ) (together with the Structuring Adviser and Global Coordinator and the Joint Global Coordinators, the “**Joint Bookrunners**”) have, pursuant to a Subscription Agreement dated 31 March 2017 between the Issuer and the Joint Bookrunners, jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe for the SEK NC5.5 Fixed Rate Reset Capital Securities at an issue price equal to 99.417 per cent. of their principal amount, the SEK NC5.5 Floating Rate Capital Securities at an issue price equal to 100 per cent. of their principal amount, and the EUR NC6 Fixed Rate Reset Capital Securities at an issue price equal to 100 per cent. of their principal amount, less fees. In addition, the Issuer will pay certain costs incurred by it and the Joint Bookrunners in connection with the issue of the Capital Securities. The Joint Bookrunners are entitled to terminate the Subscription Agreement in certain limited circumstances prior to the issue of the Capital Securities.

### United States

The Capital Securities have not been and will not be registered under the Securities Act or the securities law of any U.S. state, and may not be offered or sold, directly or indirectly, in the United States of America or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or such state securities laws. The Capital Securities are being offered and sold only outside of the United States to non-U.S. persons in reliance upon an exemption from registration under the Securities Act pursuant to Regulation S.

Each Joint Bookrunner has represented and agreed that:

- (i) it has not offered or sold, and will not offer or sell, the Capital Securities (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the issue date of the Capital Securities, within the United States or to, or for the account or benefit of, U.S. persons; and
- (ii) it will have sent to each distributor or manager to which it sells Capital Securities during such 40-day period a confirmation or other notice setting forth the restrictions on offers and sales of the Capital Securities within the United States or to, or for the account or benefit of, U.S. persons.

Terms used in this paragraph and not otherwise defined in this Prospectus have the meanings given to them in Regulation S.

In addition, until 40 days after the commencement of the offering of the Capital Securities, an offer or sale of Capital Securities within the United States by a manager that is not participating in the offering may violate the registration requirements of the Securities Act.

### United Kingdom

Each Joint Bookrunner has represented and agreed that:

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

- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Capital Securities in, from or otherwise involving the United Kingdom.

## **Republic of Italy**

The offering of the Capital Securities has not been registered pursuant to Italian securities legislation and, accordingly, no Capital Securities may be offered, sold or delivered, nor may copies of the Prospectus or of any other document relating to the Capital Securities be distributed in the Republic of Italy, except:

- (i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the **Italian Financial Services Act**) and Article 34-ter, first paragraph, letter b) of Regulation No.11971 of 14 May 1999, as amended from time to time (**Regulation No.11971**); or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Italian Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the Capital Securities or distribution of copies of the Prospectus or any other document relating to the Capital Securities in the Republic of Italy under (i) or (ii) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Italian Financial Services Act, CONSOB Regulation No.16190 of 23 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**); and
- (ii) 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 the Republic of Italy; or
- (iii) in compliance with any other applicable laws and regulations, or requirement imposed by CONSOB or any other Italian authority.

## **Sweden**

This document has not been approved by or registered with the Swedish Financial Supervisory Authority (*Finansinspektionen*) pursuant to the Swedish Financial Instruments Trading Act (*Lag (1991:980) om handel med finansiella instrument*). Each Joint Bookrunner agrees that it will not market or offer the Capital Securities in Sweden other than in circumstances that are deemed not to be an offer to the public in Sweden which would result in a requirement to prepare a prospectus in Sweden under the Financial Instruments Trading Act (1991:980) (*Lag (1991:980) om handel med finansiella instrument*).

## **General**

Each Joint Bookrunner has agreed to observe, to the best of its knowledge and belief, all applicable laws and regulations in each jurisdiction in or from which it may acquire, offer, sell or deliver Capital Securities or have in its possession or distribute this Prospectus or any other offering material relating to the Capital Securities.

No action has been, or will be, taken in any country or jurisdiction that would permit a public offering of the Capital Securities, or the possession or distribution of this Prospectus or any other offering material relating to the Capital Securities, in any country or jurisdiction where action for that purpose is required. Accordingly, the Capital Securities may not be offered or sold, directly or indirectly, and neither this Prospectus nor any

circular, prospectus, form of application, advertisement or other offering material relating to the Capital Securities may be distributed in or from, or published in, any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations and all offers and sales of Capital Securities by it will be made on the same terms.

## **General Information**

### **Authorisation**

The creation and issue of the Capital Securities has been authorised by a resolution of the Board of Directors of the Issuer dated 8 March 2017.

### **Listing and Admission to Trading of Capital Securities on the Luxembourg Stock Exchange**

It is expected that the official listing of the SEK NC5.5 Fixed Rate Reset Capital Securities, the SEK NC5.5 Floating Rate Capital Securities and the EUR NC6 Fixed Rate Reset Capital Securities will be granted on or about 4 April 2017 subject only to the issue of the SEK NC5.5 Fixed Rate Reset Temporary Global Capital Security, the SEK NC5.5 Floating Rate Temporary Global Capital Security and the EUR NC6 Temporary Global Capital Security, respectively. Application has been made to the CSSF for the SEK NC5.5 Fixed Rate Reset Capital Securities, the SEK NC5.5 Floating Rate Capital Securities and the EUR NC6 Fixed Rate Reset Capital Securities to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC). The Issuer estimates that the total expenses related to the admission to trading will be €34,600.

### **Clearing Systems**

The Capital Securities have been accepted for clearance through Euroclear and Clearstream, Luxembourg.

The International Securities Identification Number (ISIN) for the SEK NC5.5 Fixed Rate Reset Capital Securities is XS1590778889 and the Common Code is 159077888.

The International Securities Identification Number (ISIN) for the SEK NC5.5 Floating Rate Capital Securities is XS1590783533 and the Common Code is 159078353.

The International Securities Identification Number (ISIN) for the EUR NC6 Fixed Rate Reset Capital Securities is XS1590787799 and the Common Code is 159078779.

The address of Euroclear is Euroclear Bank S.A./N.V., 1 boulevard du Roi Albert II, 1210 Bruxelles, Belgium and the address of Clearstream, Luxembourg is Clearstream Banking, 42 avenue John Fitzgerald Kennedy, L-1855 Luxembourg, Grand-Duchy of Luxembourg.

### **Documents Available**

Copies of the following documents may be inspected during normal business hours at the registered office of the Issuer and from the specified office of the Fiscal Agent in London:

- (i) the constitutional documents (with an English translation thereof) of the Issuer;
- (ii) the audited annual consolidated and non-consolidated financial statements of the Issuer for each of the financial years ended 31 December 2015 and 31 December 2016 (in English), in each case together with the audit reports prepared in connection therewith;
- (iii) the Agency Agreements; and
- (iv) a copy of this Prospectus.

Any documents which have been translated from Swedish to English are accurate translations.

## **Yield**

The yield in respect of the SEK NC5.5 Fixed Rate Reset Capital Securities up to (but excluding) the SEK NC5.5 Fixed Rate Reset First Reset Date is 3.360 per cent. per annum and is calculated at the Issue Date on the basis of the issue price of the SEK NC5.5 Fixed Rate Reset Capital Securities and the Initial Interest Rate applicable to the SEK NC5.5 Fixed Rate Reset Capital Securities. It is not an indication of future yield.

The yield in respect of the EUR NC6 Fixed Rate Reset Capital Securities up to (but excluding) the EUR NC6 Fixed Rate Reset First Reset Date is 3.000 per cent. per annum and is calculated at the Issue Date on the basis of the issue price of the EUR NC6 Fixed Rate Reset Capital Securities and the Initial Interest Rate applicable to the EUR NC6 Fixed Rate Reset Capital Securities. It is not an indication of future yield.

## **Significant or Material Change**

There has been no significant change in the financial or trading position of the Issuer or Group since 31 December 2016 and no material adverse change in the prospects of the Issuer since 31 December 2016.

## **Legal and Administrative Proceedings**

In its normal course of business, Telia Company is involved in a number of legal proceedings. These proceedings primarily involve claims arising out of commercial law issues and matters relating to telecommunications regulations and competition law. Further, Telia Company is involved in some proceedings related to interconnect fees, which could affect revenues.

In addition, there are still ongoing investigations in Sweden, the Netherlands and the USA regarding Telia Company's operations in Uzbekistan and suspected irregularities related to those and to the market entry into Uzbekistan. At this point in time, it is not possible to assess how or when the investigations will be resolved (for more information, see "*Investigations in relation to investments in Uzbekistan and review of transactions in Eurasia*" on pages 112-113).

Except for the proceedings described below, Telia Company or its subsidiaries are not involved in any legal, arbitration or regulatory proceedings which management believes could have a material adverse effect on Telia Company's business, financial condition or results of operations.

Telia Company is also subject to the competition laws of the countries in which it operates, local competition laws and EU competition laws which may result in investigations, which if determined adversely to Telia Company could result in the payment of damages. During the second half of 2001, a number of operators filed complaints against Telia Company with the Swedish Competition Authority (the "**Competition Authority**"). The Competition Authority initiated an investigation regarding Telia Company's pricing of ADSL services. In December 2011, it was finally decided that Telia Company had abused its dominant position and Telia Company has paid a fine of SEK 35 million. The two operators Tele2 and Spray Network sued Telia Company for damages they alleged had been caused by the abuse in 2005 and 2006 respectively. The court of first instance ruled against Telia Company and awarded the plaintiffs damages amounting to SEK 305 million plus interest in total. Telia Company has appealed and the law suits for damages are still ongoing.

In 2005, Telia Company and Çukurova signed an agreement regarding Telia Company's purchase of shares in Turkcell Holding A.S. from Çukurova. As Çukurova subsequently did not honour the agreement, Telia Company brought legal action. On 1 September 2011, an International Chamber of Commerce (ICC) Arbitral Tribunal awarded Telia Company USD 932 million in damages, plus interest and costs, for Çukurova's

failure to deliver the Turkcell Holding shares as required under the share purchase agreement. Due to the refusal of Çukurova to honour the ICC award, Telia Company conducts legal action to pursue enforcement of the award. In parallel, Çukurova pursues legal actions against Telia Company with the aim to revert the ICC award or to refute its enforceability. Telia Company continues to vigorously pursue collection of the ICC award. Telia Company has not recorded any award amount receivable in the financial statements. Following an agreement with Alfa Telecom (now LetterOne) signed in November 2009, LetterOne is under certain circumstances entitled to receive part of the damages amount set out in the ICC award, if such funds will be successfully collected.

In 2012, Telia Company made an investment and acquired a minority stake in Kaztranscom (through the holding company Rodnik), a company that operates a fibrenetwork and provides ITC services for the corporate segment in Kazakhstan. There is now a dispute with another owner in Rodnik regarding, inter alia, the interpretation of agreements between the owners and of the management responsibilities of the company. During 2016, the other owner initiated arbitration proceedings in London against Telia Company and requested damages for alleged breach of contract and mismanagement. Telia Company will vigorously defend itself in the proceedings that are expected to continue during 2017.

### **Auditors**

The auditors of Telia Company are Deloitte AB, a member of the Swedish professional body FAR, with business address at Rehnsgatan 11, SE-11379 Stockholm, Sweden. Deloitte AB have audited Telia Company's accounts, without qualification, in accordance with IFRS for each of the two financial years ended 31 December 2015 and 31 December 2016.

### **Conflicts**

Certain of the Joint Bookrunners and their affiliates may have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to, the Issuer and its affiliates in the ordinary course of business. Certain of the Joint Bookrunners and their affiliates may have positions, deal or make markets in the Capital Securities, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Joint Bookrunners and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Some of the Joint Bookrunners or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Bookrunners and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Capital Securities. Any such short positions could adversely affect future trading prices of Capital Securities. The Joint Bookrunners and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

**ISSUER**

**TELIA COMPANY AB (publ)**

Stureplan 8  
SE-106 63 Stockholm  
Sweden

**FISCAL AGENT AND CALCULATION AGENT**

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

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**STRUCTURING ADVISER AND GLOBAL COORDINATOR**

**Citigroup Global Markets Limited**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**JOINT GLOBAL COORDINATORS**

**BNP Paribas**

10 Harewood Avenue  
London, NW1 6AA  
United Kingdom

**Skandinaviska Enskilda Banken AB (publ)**

Kungsträdgårdsgatan 8  
106 40 Stockholm  
Sweden

**JOINT BOOKRUNNERS**

**Barclays Bank PLC**

5 The North Colonnade  
Canary Wharf  
London E14 4BB  
United Kingdom

**BNP Paribas**

10 Harewood Avenue  
London, NW1 6AA  
United Kingdom

**Citigroup Global Markets Limited**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**Goldman Sachs International**

Peterborough Court  
133 Fleet Street  
London EC4A 2BB  
United Kingdom

**Merrill Lynch International**  
2 King Edward Street  
London EC1A 1HQ  
United Kingdom

**Nordea Bank AB (publ)**  
Smålandsgatan 17  
SE-105 71 Stockholm  
Sweden

**Skandinaviska Enskilda Banken AB (publ)**

Kungsträdgårdsgatan 8  
106 40 Stockholm  
Sweden

**LEGAL ADVISERS**

*To the Issuer as to Swedish law*

**Jonas Olsson**  
**Senior Legal Counsel**  
Telia Company AB (publ)  
Stureplan 8  
SE-106 63 Stockholm  
Sweden

*To the Issuer as to English law*

**Allen & Overy LLP**  
One Bishops Square  
London E1 6AD  
United Kingdom

*To the Joint Bookrunners as to Swedish law*

**Advokatfirman Vinge KB**  
Smålandsgatan 20  
S-111 87 Stockholm  
Sweden

*To the Joint Bookrunners as to English law*

**Clifford Chance Europe LLP**  
1 rue d'Astorg  
Paris 75008  
France

**AUDITORS TO THE ISSUER**

**Deloitte AB**  
Rehngatan 11  
SE-113 79 Stockholm  
Sweden

**LUXEMBOURG LISTING AGENT**

**BNP Paribas Securities Services, Luxembourg Branch**  
60, avenue J.F. Kennedy  
L-1855 Luxembourg  
Luxembourg