

SEMCON AB (publ) – TERMS AND CONDITIONS FOR CONVERTIBLE SUBORDINATED LOAN 2008/2011

1. Definitions

In these terms and conditions:

”bank”	means Nordea Bank AB, Swedish branch, or another bank or account keeping institute retained by the company from time to time to manage certain tasks pursuant to, or provided for by, these terms and conditions.
”banking day”	means a day that is not a Sunday or another public holiday in Sweden, or which as regards the payment of promissory notes is not equated with a public holiday in Sweden.
”Companies Act”	means the Swedish Companies Act (<i>Sv.</i> aktiebolagslagen (2005:551)).
”company”	means Semcon AB (publ), reg. no. 556539-9549.
”conversion”	means exchange of debt pursuant to a convertible for new shares in the company pursuant to these terms and conditions.
”conversion period”	means the period during which notice of conversion can be given according to these terms and conditions.
”conversion rate”	means the rate at which conversion can be made pursuant to these terms and conditions.
”convertible”	means a debenture issued by the company pursuant to these terms and conditions and which entitles the holder to convert its debt to new shares in the company pursuant to these terms and conditions.
”convertible holder”	means the person registered as holder of a convertible on a securities account.
”market quotation”	means, in relation to any shares, securities or other rights, that the relevant shares, securities or rights are listed on a stock exchange, authorised market place, regulated market or a similar market place.
”securities account”	means a securities account (<i>Sv.</i> värdepapperskonto) with VPC on which each respective convertible holder’s holdings of convertibles or shares in the company issued pursuant to conversion are registered.
”VPC”	means the Swedish central securities depository VPC

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2. Loan amount, maturity, interest rate, registration, etc.

The loan amounts to not more than SEK 50 000 000, and is represented by convertibles, each of a nominal value of SEK 1 000.

The convertibles shall be registered by VPC in a securities register pursuant to the Swedish Act on Account Keeping of Financial Instruments (*Sw. lagen (1998:1479) om kontoföring av finansiella instrument*). Thus, no physical debentures will be issued. The convertibles will on behalf of the convertible holders be registered on the respective securities accounts. Registrations relating to the convertibles in connection with measures pursuant to Clauses 7, 9 or 14 below will be effected by the bank. A convertible holder's request for other registrations shall be made to the account keeping institute with which the convertible holder has opened its securities account.

The loan will fall due for payment on 31 March 2011, insofar as conversion has not been made prior thereto.

The loan carries three percent annual interest from and including 20 March 2008.

Interest shall be paid annually in arrears. The interest falls due on 31 December 2008, 31 December 2009, 31 December 2010, and on the maturity date of the loan, respectively. When calculating interest for a period shorter than one year, a year shall be deemed to consist of 12 months, each with 30 days.

The company assumes liability for payment of the loan and undertakes to effectuate payment and conversion pursuant to these terms and conditions.

3. Subordinated loan

In case of liquidation (winding-up) or bankruptcy of the company, the convertibles shall be repaid from the company's assets only after all the company's non-subordinated obligations have been satisfied, and shall rank *pari passu* with other subordinated debts, which are not expressly subordinated to this loan.

4. Payment of interest and repayment of principal

Interest and principal will be paid by the company to the person who on the fifth banking day prior to the respective payment due date or on the banking day closer to the payment due date that may generally be applied in the Swedish securities market (the record date for payment), is registered on the company's securities register as convertible holder or as otherwise entitled to receive interest and principal, respectively.

In case the convertible holder, or such other person as is registered on a securities account as otherwise entitled to receive interest and principal, via an account-keeping institute registered that interest and principal shall be deposited in a designated bank account, such deposit will be made by the company on the due date. In other cases,

the company will remit the interest and principal on the said date to the persons concerned at their on the record date for payment registered address.

In case the due date is not a banking day, interest or principal will not be deposited or remitted until the following banking day.

Should the company, due to delay on the part of someone else or to any other obstacle, be unable to make payment of interest or principal as above-mentioned, the interest or principal will be paid by the company as soon as the obstacle at issue has ceased to the person who on the record date for payment was registered as convertible holder or registered as entitled to receive interest and principal.

Interest is only paid up to and including the respective due date even if such date should fall on a day that is not a banking day and even though payment is delayed by such obstacle as is referred to in Clause 16 below.

5. Conversion right

Each convertible entitles the convertible holder to wholly (but not partly) convert its debt to new shares in the company at a conversion rate equal to 125 percent of the average of the mean of the highest and the lowest prices paid for the company's share each trading day during the period 31 January 2008 – 14 February 2008 according to the exchange list of the OMX Nordic Exchange Stockholm. In the absence of quoted price paid, the latest quoted bid price shall be included in the calculation instead. If neither paid price nor bid price is quoted on a given day, that day shall be excluded from the calculation. The conversion rate shall be rounded off to the nearest whole multiple of SEK 0.10, where any SEK 0.05 shall be rounded upwards. However, the conversion rate shall not fall below SEK 75.

The conversion rate can be subject to adjustment in accordance with the provisions of Clause 9 below. If the application of these provisions should result in a conversion rate lower than the quota value of the share at that time, the conversion rate shall instead equal the quota value of the share at that time.

6. Conversion

Notice of conversion may only be given during the period 28 February 2010 – 28 February 2011, provided that a convertible holder who has an insider position in the company pursuant to Sec. 3 paragraph one items 1-3 of the Swedish Act on Reporting Duty for Certain Holdings of Financial Instruments (*Syn. lagen (2000:1087) om anmälningsskyldighet för vissa innehav av finansiella instrument*) may not give notice of conversion during a period of 30 days before any ordinary interim report (press release of annual earnings figures included) for the company is made public, the day of publication included. Furthermore, a convertible holder who is not allowed to trade with shares in the company pursuant to applicable insider trading legislation, may not give notice of conversion.

The conversion period can be brought forward or be prolonged in accordance with the provisions in Clause 9 below.

Upon conversion, one new share in the company is received for each full amount equivalent to the conversion rate of the total nominal value of the convertibles, which are registered on the same securities account and which are exercised by the same convertible holder at one and the same time. If this amount is not evenly divisible by the conversion rate, the surplus amount will be paid in cash in connection with conversion.

Notice of conversion is given by submitting an application form, provided by the company and the bank, duly completed and signed, to the bank at the address specified in the application form.

Should such application form not have been received by the bank within the conversion period, the conversion rights shall lapse.

Notice of conversion is binding and may not be revoked.

7. Effectuation of conversion

Following notice of conversion given in accordance with Clause 6 above, the conversion is effected through registration of the new shares in the company's share ledger (which is kept by VPC) and on the convertible holders' securities account as interim shares. Following completion of registration with the Swedish Companies Registration Office (*S.m. Bolagsverket*), the recordings of the new shares in the share ledger and on the securities account become final.

Conditional on that the company gives such notice as is mentioned below, conversion is however only effected on at the maximum one occasion a month during the period March 2010 – March 2011, namely on those dates specified by the company in a notice given out, as regards dates during 2010, no later than on 1 December 2009 and, as regards dates during 2011, no later than on 1 December 2010. If notice of conversion has been given in accordance with Clause 6 above no later than five banking days prior to such an occasion for effectuation, shares issued pursuant to such conversion will be recorded on the convertible holder's securities account as interim shares no later than on the said occasion for effectuation. Otherwise, they will be recorded on the convertible holder's securities account as interim shares no later than on the following occasion for effectuation.

As stated in Clause 9 below, conversion may in certain cases be effected only after certain later date, and with the application of a recalculated conversion rate. In such cases, conversion may first be effected on a preliminary basis – with application of the conversion rate applicable prior to the recalculations – whereby the new shares are recorded in the share ledger and on the convertible holder's securities account as interim shares together with a note that the recalculations may result in that the number of shares so preliminary recorded may be increased or decreased upon final recording. Registration with the Swedish Companies Registration Office and final re-

ording in the share ledger and on the convertible holder's securities account are made after the recalculation has been completed in accordance with the applicable provision in Clause 9 below.

8. Interest in connection with conversion and dividends on new shares

Upon conversion, the right to interest ceases with effect from the last interest payment due date immediately prior to conversion.

A share issued pursuant to conversion confers right to dividends from the first record date for dividends that occurs following effectuation of the conversion.

9. Recalculation of conversion rate, etc.

9.1 Bonus issue

If the company effects a bonus issue, a recalculated conversion rate shall apply to each conversion that is effected at such date, that shares issued pursuant to such conversion do not confer right to participate in the bonus issue.

If notice of conversion is given at such date that the conversion cannot be effected on or prior to the tenth calendar day prior to the shareholders' meeting to consider the bonus issue, the conversion shall be effected after the recode date for the bonus issue. Shares issued pursuant to such conversion do not confer right to participate in the bonus issue.

The recalculation shall be made by the bank in accordance with the following formula as soon as possible after the shareholders' meeting's resolution on the bonus issue:

$$\text{recalculated conversion rate} = (\text{previous conversion rate}) \times (\text{the number of shares in the company prior to the bonus issue}) / (\text{the number of shares in the company after the bonus issue})$$

9.2 Consolidation or split-up

If the company effects a consolidation or split-up of its shares, a recalculated conversion rate shall apply to each conversion that is effected at such date, that shares issued pursuant to such conversion do not become subject to the consolidation or split-up.

If notice of conversion is given at such date that the conversion cannot be effected on or prior to the tenth calendar day prior to the shareholders' meeting to consider the consolidation or split-up, the conversion shall be effected after the date the consolidation or split-up is effected. Shares issued pursuant to such conversion do not become subject to the consolidation or split-up.

The recalculation shall be made by the bank with analogous application of the formula in Clause 9.1 above as soon as possible after the shareholders' meeting's resolution on the consolidation or split-up.

9.3 New issue of shares

If the company effects a new issue of shares with preferential rights for the shareholders to subscribe for such shares against cash payment or payment by way of set-off, a recalculated conversion rate shall apply to each conversion that is effected at such date, that shares issued pursuant to such conversion do not confer right to participate in the new issue.

If the issue is resolved by the board of directors subject to the approval of the shareholders' meeting or pursuant to prior authorisation by the shareholders' meeting, the latest date on which conversion shall have been effected in order for a share issued pursuant to conversion to confer right to participate in the new issue shall be stated in the board of directors' issue resolution. Such date may not fall earlier than on the tenth calendar day after the board of directors' issue resolution. If notice of conversion has been given at such date that the conversion cannot be effected on or prior to the said date, the conversion shall be effected after the recode date for the new issue. Shares issued pursuant to such conversion do not confer right to participate in the new issue.

If the issue is resolved by the shareholders' meeting and if notice of conversion has been given at such date that the conversion cannot be effected on or prior to the tenth calendar day prior to the shareholders' meeting to consider the new issue, the conversion shall be effected after the recode date for the new issue. Shares issued pursuant to such conversion do not confer right to participate in the new issue.

The recalculation shall be made by the bank in accordance with the following formula two banking days after the expiry of the subscription period:

$$\text{recalculated conversion rate} = (\text{previous conversion rate}) \times (\text{the average market price of the share during the subscription period (hereinafter "the average share price")}) / ((\text{the average share price}) + (\text{the value of the subscription right}))$$

The average share price shall be deemed to equal the average of the mean of the highest and lowest prices paid for the share each trading day during the subscription period according to the exchange list on which the share is primarily quoted. In the absence of quoted price paid, the latest quoted bid price shall be included in the calculation instead. If neither paid price nor bid price is quoted on a given day, that day shall be excluded from the calculation.

The value of the subscription right shall be calculated in accordance with the following formula, provided that the value of the subscription right shall be deemed to be nil if the resulting value is negative:

$$\text{the value of the subscription right} = (\text{the maximum number of new shares that can be issued according to the issue resolution}) \times ((\text{the average price of the share}) - (\text{the subscription price for each new share})) / (\text{the number of shares in the company prior to the new issue})$$

9.4 Issue of warrants or convertibles

If the company effects an issue of warrants or convertibles with preferential rights for the shareholders to subscribe for such warrant or convertibles against cash payment or payment by way of set-off or, as regards warrants, without payment, a recalculated conversion rate shall apply to each conversion that is effected at such date, that shares issued pursuant to such conversion do not confer right to participate in the issue.

As regards effectuation of conversion and the right to participate in the issue conferred by shares issued pursuant to conversion, the provisions of the second and third paragraphs of Clause 9.3 above shall apply analogously.

The recalculation shall be made by the bank in accordance with the following formula two banking days after the expiry of the subscription period:

$$\text{recalculated conversion rate} = (\text{previous conversion rate}) \times (\text{the average market price of the share during the subscription period (hereinafter "the average share price")}) / ((\text{the average share price}) + (\text{the value of the subscription right}))$$

The average share price shall be calculated with analogous application of the provisions of Clause 9.3 above.

If the subscription rights are subject to market quotation, the value of the subscription right shall be deemed to equal the average of the mean of the highest and lowest prices paid for the subscription right each trading day during the subscription period according to the exchange list on which the subscription right is primarily quoted. In the absence of quoted price paid, the latest quoted bid price shall be included in the calculation instead. If neither paid price nor bid price is quoted on a given day, that day shall be excluded from the calculation.

If the subscription rights are not subject to market quotation, the value of the subscription right shall, to the extent possible, be determined based upon the change in the market value of the company's shares which may be deemed to have occurred as a consequence of the issue.

9.5 Certain other offers to the shareholders

If the company in other cases than those contemplated by Clauses 9.1 – 9.4 above (i) completes an offer to the shareholders, with preferential rights for the shareholders according to the principles of Chap. 13 Sec. 1 paragraph 1 of the Companies Act, to purchase any securities or rights from the company, or (ii) distributes to the shareholders, with such preferential right, any such securities or rights with no consideration in return, (in both cases hereinafter "the offer"), a recalculated conversion rate shall apply to each conversion that is effected at such date, that shares issued pursuant to such conversion do not confer right to participate in the offer.

If notice of conversion is given at such date that the conversion cannot be effected on or prior to the tenth calendar day prior to the shareholders' meeting to consider

the offer, the conversion shall be effected after the recode date for the offer. Shares issued pursuant to such conversion do not confer right to participate in the offer.

The recalculation shall be made by the bank in accordance with the following formula as soon as possible after the expiry of the acceptance period of the offer (which, as regards dividends, shall be deemed to be the record date for dividends):

$$\text{recalculated conversion rate} = (\text{previous conversion rate}) \times (\text{the average market price of the share during the acceptance period of the offer (hereinafter "the average share price")}) / ((\text{the average share price}) + (\text{the value of the right to participate in the offer (hereinafter "the value of the purchase right")}))$$

The average share price shall be calculated with analogous application of the provisions of Clause 9.3 above.

If the shareholders receive purchase rights and these are subject to market quotation, the value of the purchase right shall be deemed to equal the average of the mean of the highest and lowest prices paid for the purchase right each trading day during the acceptance period of the offer according to the exchange list on which the purchase right is primarily quoted. In the absence of quoted price paid, the latest quoted bid price shall be included in the calculation instead. If neither paid price nor bid price is quoted on a given day, that day shall be excluded from the calculation.

If the purchase rights are not subject to market quotation, or if the shareholders do not receive purchase rights, but the securities or rights being the subject of the offer become subject to market quotation, the value of the purchase right shall be deemed to equal the average of the mean of the highest and lowest prices paid for such security or right each trading day during the period of 25 trading days starting on the first day of such market quotation according to the exchange list on which the security or right is primarily quoted reduced, when applicable, by the consideration paid for the purchase right in connection with the offer. In the absence of quoted price paid, the latest quoted bid price shall be included in the calculation instead. If neither paid price nor bid price is quoted on a given day, that day shall be excluded from the calculation. When the value of the purchase right is determined pursuant to this paragraph, the 25 trading days' period mentioned in this paragraph shall, instead of the acceptance period of the offer, be used in the recalculation of the conversion rate in accordance with the above provision.

If the purchase rights are not subject to market quotation, or if the shareholders do not receive purchase rights, and the securities or rights being the subject of the offer do not become subject to market quotation, the value of the purchase right shall, to the extent possible, be determined based upon the change in the market value of the company's shares which may be deemed to have occurred as a consequence of the offer.

9.6 Equal treatment of convertible holders and shareholders

If the company effects a measure contemplated by Clauses 9.3 – 9.5 above, the company may, in its sole discretion, offer the convertible holders the same preferential

right as the shareholders to participate. In such a case, notwithstanding that notice of conversion has not been given or conversion has not been effected, each convertible holder shall be deemed to be the owner of such number of shares that the convertible holder would have received if notice of conversion would have been given and conversion would have been effected according to the conversion rate applicable to conversions effected at such date, that shares issued pursuant to such conversion confer right to participate in the issue or offer. If the company offers the convertible holders such preferential right, no recalculation of the conversion rate shall be made pursuant to Clauses 9.3, 9.4 or 9.5 above or Clause 9.8 below in connection with the issue or offer.

9.7 Reduction of the share capital, etc.

If the company effects a reduction of its share capital with repayment to the shareholders, and such reduction is compulsory, a recalculated conversion rate shall apply to each conversion that is effected at such date, that shares issued pursuant to such conversion do not confer right to receive any amount of the repayment.

If notice of conversion is given at such date that the conversion cannot be effected on or prior to the tenth calendar day prior to the shareholders' meeting to consider the reduction, the conversion shall be effected after the record date for the repayment or, when applicable, for redemption. Shares issued pursuant to such conversion do not confer right to receive any amount of the repayment.

The recalculation shall be made by the bank in accordance with the following formula two banking days after the expiry of the below-mentioned 25 trading days' period:

$$\text{recalculated conversion rate} = (\text{previous conversion rate}) \times (\text{the average market price of the share during the period of 25 trading days starting on the day on which the share is quoted without right to repayment (hereinafter "the average share price")}) / ((\text{the average share price}) + (\text{the amount repaid per share}))$$

The average share price shall be deemed to equal the average of the mean of the highest and lowest prices paid for the share each trading day during the above-mentioned 25 trading days' period according to the exchange list on which the share is primarily quoted. In the absence of quoted price paid, the latest quoted bid price shall be included in the calculation instead. If neither paid price nor bid price is quoted on a given day, that day shall be excluded from the calculation.

If the reduction is to be carried out through redemption of shares, instead of using the actual amount repaid per share when the conversion rate is recalculated as above-mentioned, a calculated amount repaid per share determined as follows shall be applied:

calculated amount repaid per share = ((the actual amount repaid per share) – (the average market price of the share during the period of 25 trading days immediately preceding the day on which the share is quoted without right to participate in the reduction (hereinafter “the average share price”))) / ((the number of shares in the company which entitle to the reduction of one share) – 1)

The average share price shall be calculated with analogous application of the provisions of Clause 9.7 above.

If the company effects a reduction of its share capital through redemption of shares with repayment to the shareholders, and such reduction is not compulsory, or if the company – without effecting a reduction of its share capital – re-purchases shares in the company, and where, in the opinion of the company, such measure, due to its technical structure and its financial effects, is equivalent to a compulsory reduction, a recalculation of the conversion rate shall be made, to the extent possible, in accordance with the principles set forth in this Clause 9.7.

9.8 Recalculations if the company's share is not subject to market quotation

If the company effects a measure contemplated by Clauses 9.3 – 9.5 or 9.7 above and if the company's share is not subject to market quotation at the time of such measure, the said provisions shall apply, provided that the recalculation of the conversion rate shall be made, at the company's sole discretion, either in accordance with an agreement made between the company and the convertible holders or by the bank, to the extent possible, in accordance with the principles set forth in such Clauses 9.3 – 9.5 or 9.7 above and based on the assumption that the value of the conversion rights shall be left unchanged.

9.9 Alternative recalculation method

If the company effects any measure contemplated by Clauses 9.1 – 9.5 or 9.7 above, and if, in the bank's opinion, application of the recalculation formulas established for such measure, taking into account the technical framework of such measure or other reasons, could not be made or would result in the convertible holders receiving, in relation to the shareholders, economic compensation that is not reasonable, the bank shall, subject to the approval of the board of directors of the company, make the recalculation of the conversion rate in such a manner as the bank determines is appropriate to ensure that the recalculation gives a reasonable result.

9.10 Rounding off

In the recalculation of the conversion rate in accordance with this Clause 9, the conversion rate shall be rounded off to the nearest whole multiple of SEK 0.10, where any SEK 0.05 shall be rounded upwards.

9.11 Merger

If the shareholders' meeting resolves to approve a merger plan pursuant to which the company shall dissolve into another company, or if the board of directors of the

company resolves that the company shall dissolve into its parent company, the convertible holders shall receive at least equivalent rights in the absorbing company as in the company (the absorbed company), provided the convertible holders are not entitled to have their convertibles redeemed pursuant to the merger plan.

Notwithstanding the provisions in Clause 2 above concerning maturity date, the convertible holders may during the period of 60 calendar days starting on the day of the shareholders' meeting or, when applicable, the day of the board meeting, demand immediate payment of the nominal value of their convertibles and of interest accrued as per the date of payment.

The provisions in this Clause 9.11 shall not in any way limit the rights that the convertible holders may have under law in their capacity as creditors in connection with the merger.

9.12 De-merger

If the shareholders' meeting resolves to approve a de-merger plan pursuant to which the company shall be divided through transfer of certain or all of the company's assets and liabilities to one or several other companies, the convertible holders shall receive at least equivalent rights in the transferee company/-ies as in the company (the transferor company), provided the convertible holders are not entitled to have their convertibles redeemed pursuant to the de-merger plan.

Notwithstanding the provisions in Clause 2 above concerning maturity date, the convertible holders may during a period of 60 calendar days starting on the day of the shareholders' meeting, demand immediate payment of the nominal value of their convertibles and of interest accrued as per the date of payment.

The provisions in this Clause 9.12 shall not in any way limit the rights that the convertible holders may have under law in their capacity as creditors in connection with the de-merger.

9.13 Compulsory acquisition

If the shares in the company become subject to compulsory acquisition proceedings, notice of conversion may not be given and conversion may not be effected following the majority shareholder's request pursuant to Chap. 22 Sec. 6 of the Companies Act that a compulsory acquisition dispute be resolved by arbitration.

When the above-mentioned dispute has been decided through an award or decision that has become final, notice of conversion may again be given and conversion may again be effected.

If the last day for giving notice of conversion pursuant to Clause 6 above falls during the period the compulsory acquisition dispute is ongoing, notice of conversion and conversion may, notwithstanding the provisions in Clause 6 above concerning conversion period, be given and effected during a period of three months after the above-mentioned decision of the dispute became final.

Without delay after announcement has been made pursuant to Chap. 22 Sec. 7 of the Companies Act concerning the majority shareholder's above-mentioned request, the convertible holders shall be notified of the compulsory acquisition dispute. The notice shall contain a reminder that notice of conversion may not be given and conversion may not be effected until the dispute has been decided through an award or decision that has become final.

Without delay after the compulsory acquisition dispute has been decided through an award or decision that has become final, the conversion holders shall be notified thereof. The notice shall contain a reminder that notice of conversion may again be given and conversion may again be effected and during which period.

9.14 Winding-up

If it is resolved that the company shall be wound-up, notice of conversion may thereafter not be given and conversion may thereafter not be effected. The right to give notice of conversion and to have conversion effected ceases with the winding-up resolution, regardless of the grounds for the resolution and whether the same shall have gained legal force.

If the winding-up is not carried through, notice of conversion may again be given and conversion may again be effected.

Notwithstanding the provisions in Clause 2 above concerning maturity date, the convertible holders may, if the winding-up resolution has been adopted by the shareholders' meeting, from the day of the shareholders' meeting, and, if the winding-up has been decided on by the Swedish Companies Registration Office or a court of law, from the day such decision has become final, demand immediate payment of the nominal value of their convertibles and of interest accrued as per the date of payment. No later than one week after this right has arisen, the company shall remind the convertible holders of their right to demand immediate payment.

No later than 60 calendar days prior to the shareholders' meeting to consider a voluntary winding-up pursuant to Chap. 25 Sec. 1 of the Companies Act, the convertible holders shall be notified of the contemplated winding-up. The notice shall contain a reminder that notice of conversion may not be given and conversion may not be effected after that the shareholders' meeting has adopted a resolution in respect of winding-up the company.

Notwithstanding the provisions in Clause 6 above concerning conversion period, the convertible holders have the right to give notice of conversion and to have conversion effected from the date of the above-mentioned notice, provided that such conversion can be effected no later than the day before the shareholders' meeting to consider the winding-up.

9.15 Bakruptcy

If a court declares the company bankrupt, notice of conversion may thereafter not be given and conversion may thereafter not be effected. The right to give notice of con-

version and to have conversion effected ceases with the bankruptcy order, regardless of the grounds for the order and whether the same shall have gained legal force.

If the bankruptcy order is revoked, notice of conversion may again be given and conversion may again be effected.

10. Distribution of available funds

If both interest and the principal have become due and the company's does not have funds available for payment in full, the fund shall primarily be used to pay the interest and, secondarily, to pay the principal.

11. Statute of limitations

The right to payment of the principal ceases ten years after the due date of the loan. The right to receive interest ceases three years after each relevant interest due date.

Funds allocated for payments shall when the right to such payment has ceased, accrue to the company.

Where the above-mentioned period of limitation is interrupted, a new period of limitation of ten years shall run as regards the principal and a new period of limitation of three years shall run as regards interest amounts, in both cases calculated pursuant to the provisions regarding the effect of interruption of the period of limitation of the Swedish Limitations Act ((*S*». preskriptionslagen (1981:130)).

12. Nominee

If a convertible is registered with a nominee pursuant to Chap. 5 Sec. 14 of the Companies Act, such nominee shall be regarded as the convertible holder upon application of these terms and conditions.

13. Notices

Notices concerning the convertibles shall be sent by e-mail and/or mail to each convertible holder and any other rights holder registered on the securities accounts; as regards e-mail however only if the convertible holder or the rights holder in question has informed the company of its e-mail address.

14. Variation, etc.

In consultation with the bank, the company shall be entitled to vary these terms and conditions to the extent required by legislation, decisions of courts of law or authorities, or if it otherwise, in the opinion of the company, is deemed necessary or expedient for practical reasons and provided that the rights of the convertible holders are in no way prejudiced.

In case of changes in the legislation referred to in these terms and conditions, these terms and conditions shall, to the extent possible, be interpreted as if reference is

made to such section of the law replacing the section of the law referred to in these terms and conditions. In case of changes in the terminology of any legislation concerning terms used in these terms and conditions, the terms used in these terms and conditions shall, to the extent possible, be interpreted as if the term used in the new legislation is also used in these terms and conditions.

15. Confidentiality

Neither the company or the bank nor VPC may without necessary authorisation disclose information regarding the convertible holders to any third party.

The company shall have right to access to the information contained in VPC's securities register regarding the convertibles, which amongst other includes the name of the convertible holders.

16. Limitation of liability

With respect to the actions incumbent on the company, the bank or VPC – in the case of VPC, subject to the provisions of the Swedish Act on Account Keeping of Financial Instruments (*S.w. lagen (1998:1479) om kontoföring av finansiella instrument*) – the company, the bank and VPC shall not be held liable for damage arising as a result of Swedish or foreign legislation, any action of a Swedish or foreign authority, acts of war, strikes, blockades, boycotts, lockouts, or similar circumstances. The exemption in respect of strikes, blockades, boycotts and lockouts applies also in cases where the company, the bank or VPC itself takes or is the subject of such measure or conflict.

Nor shall the company, the bank or VPC be liable for damage arising in other cases if the company, the bank and VPC, respectively, has exercised normal caution. In addition, under no circumstances shall the company or the bank be held liable for any indirect damage.

If the company, the bank or VPC is hindered from taking any measure due to a circumstance referred to in the first paragraph, the taking of such measure may be postponed until such hinder no longer exists.

17. Language

In the event of any discrepancy between the English and Swedish language versions of these terms and conditions, the Swedish language version shall prevail.

18. Dispute resolution and applicable law

Any dispute, controversy or claim arising out of or in connection with these terms and conditions, or any legal issues relating thereto, shall be settled by the ordinary courts of Sweden with the District Court of Gothenburg (*S.w. Göteborgs tingsrätt*) as the court of first instance, provided that the dispute, controversy or claim shall instead be finally settled by arbitration in accordance with the Rules for Expedited Ar-

bitrations of the Arbitration Institute of the Stockholm Chamber of Commerce if so requested by any of the disputing parties and such party undertakes to pay all costs of the arbitration (*i.e.*, the costs according to Article 42 of the aforementioned Rules for Expedited Arbitrations). Oral proceedings, if any, shall take place in Gothenburg (*S.m.* Göteborg), Sweden.

These terms and conditions and all legal issues related to the convertibles shall be governed by and construed in accordance with Swedish law.
