

WEST ATLANTIC AB (PUBL)

**PROSPECTUS REGARDING LISTING OF
MAXIMUM SEK 1,350,000,000**

**SENIOR SECURED CALLABLE FIXED RATE BONDS
2015/2019**

22 January 2016

Important information

This prospectus (the “**Prospectus**”) has been prepared by West Atlantic AB (publ) (the “**Company**”), reg.no. 556503-6083, in relation to the application for listing of the Company’s maximum SEK 1,350,000,000 senior secured callable fixed rate bonds 2015/2019 with ISIN SE0007783840, which was issued on 21 December 2015 (the “**Bonds**”) (the “**Issue Date**”) in accordance with the terms and conditions for the Bonds (the “**Terms and Conditions**”) (the “**Bond Issue**”), on the Corporate Bond List at NASDAQ OMX Stockholm AB (“**Nasdaq Stockholm**”). References to “**Guarantors**” means West Atlantic Aircraft Management AB, reg. no. 556609-4800 (“**WAAM**”) and West Atlantic Sweden AB reg. no. 556062-4420 (“**WAS**”), (each a “**Guarantor**”). References to the “**Company**”, “**West Atlantic**” or the “**Group**” refer in this Prospectus to West Atlantic AB (publ) and/or its subsidiaries (including the Guarantors), unless otherwise indicated by the context. References to the “**Issuing Agent**” means Pareto Securities AB and references to the “**Sole Bookrunner**” means Pareto Securities Oy and Pareto Securities AB. References to “**SEK**” refer to Swedish Kronor.

This Prospectus has been prepared in accordance with the rules and regulations in the Swedish Financial Instruments Trading Act (Sw. *lag (1991:980) om handel med finansiella instrument*) and Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council, each as amended. This Prospectus has been approved by and registered with the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) in accordance with the provisions in Chapter 2, Sections 25 and 26, of the Swedish Financial Instruments Trading Act. It should be noted that such approval and such registration does not constitute any guarantee from the Swedish Financial Supervisory Authority that the information in this Prospectus is accurate or complete.

This Prospectus is not an offer for sale or a solicitation of an offer to purchase the Bonds in any jurisdiction. It has been prepared solely for the purpose of listing the Bonds on Nasdaq Stockholm. This Prospectus may not be distributed in any country where such distribution or disposal requires additional prospectus, registration or additional measures or is contrary to the rules and regulations in such country. Persons into whose possession this Prospectus comes or persons who acquire the Bonds are therefore required to inform themselves about, and to observe, such restrictions. The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or any U.S. state securities laws and may be subject to U.S. tax law requirements. Subject to certain exemptions, the Bonds may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, U.S. persons (as defined in Rule 902 of Regulation S under the Securities Act). The Company has not undertaken to register the Bonds under the Securities Act or any U.S. state securities laws or to affect any exchange offer for the Bonds in the future. Furthermore, the Company has not registered the Bonds under any other country’s securities laws. It is the investor’s obligation to ensure that the offers and sales of Bonds comply with all applicable securities laws.

The Prospectus will be available at the Swedish Financial Supervisory Authority’s web page (www.fi.se) and the Company’s web page (www.westatlantic.eu), and paper copies may be obtained from the Company.

Unless otherwise explicitly stated, no information contained in this Prospectus has been audited or reviewed by the Company’s auditors. Certain financial information in this Prospectus may have been rounded off and, as a result, the numerical figures shown as totals in this Prospectus may vary slightly from the exact arithmetic aggregation of the figures that precede them.

This Prospectus may contain forward-looking statements and assumptions regarding future market conditions, operations and results. Such forward-looking statements and information are based on the beliefs of the Company’s management or are assumptions based on information available to the Group. The words “considers”, “intends”, “deems”, “expects”, “anticipates”, “plans” and similar expressions indicate some of these forward-looking statements. Other such statements may be identified from the context. Any forward-looking statements in this Prospectus involve known and unknown risks, uncertainties and other factors which may cause the actual results, performances or achievements of the Group to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Further, such forward-looking statements are based on numerous assumptions regarding the Group’s present and future business strategies and the environment in which the Group will operate in the future. Although the Company believes that the forecasts or indications of future results, performances and achievements are based on reasonable assumptions and expectations, they involve uncertainties and are subject to certain risks, the occurrence of which could cause actual results to differ materially from those predicted in the forward-looking statements and from past results, performances or achievements. Further, actual events and financial outcomes may differ significantly from what is described in such statements as a result of the materialisation of risks and other factors affecting the Group’s operations. Such factors of a significant nature are mentioned in section “*Risk factors*” below.

This Prospectus shall be read together with all documents that are incorporated by reference (see section “*Overview of financial reporting and documents incorporated by reference*” below) and possible supplements to this Prospectus.

The Bonds may not be a suitable investment for all investors and each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Prospectus or any applicable supplement; (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact other Bonds will have on its overall investment portfolio; (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds; (iv) understand thoroughly the Terms and Conditions; and (v) be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

This Prospectus is governed by Swedish law. Disputes concerning, or related to, the contents of this Prospectus shall be subject to the exclusive jurisdiction of the courts of Sweden. The District Court of Stockholm (Sw. *Stockholms tingsrätt*) shall be the court of first instance.

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Risk factors

Investing in the Bonds involves inherent risks. The financial performance of the Group and the risks associated with its business are important when making a decision on whether to invest in the Bonds. A number of risk factors and uncertainties may adversely affect the Group. If any of these risks or uncertainties actually occurs, the business, operating results and financial position of the Group could be materially and adversely affected, which ultimately could affect the Company's ability to make payments of interest and repayments of principal under the Terms and Conditions. In this section, a number of risk factors are illustrated, namely general risks pertaining to the Group's business operations and material risks relating to the Bonds as financial instruments. The risks presented in this material are not exhaustive and other risks not discussed herein that the Group is currently not aware of, may also adversely affect the Group, the price of the Bonds and the Company's ability to service its debt obligations. Further, the risk factors are not ranked in order of importance. Potential investors should consider carefully the information contained in this material and make an independent evaluation before making an investment decision.

Risks associated with the Company, the industry and the market

Macroeconomic factors

The market for air freight solutions is affected to a great extent by macroeconomic factors as demand and growth in the market for air freight solutions largely correlate with economic development in general. If economic growth both globally and in the markets in which the Group operates were to be impaired, there is thus a risk of an adverse impact on Group as well. West Atlantic is particularly exposed to macroeconomic factors which affect the market within Europe. Other macroeconomic factors which substantially affect consumers, such as employment levels and consumer confidence, also affect West Atlantic's activities as these factors affect post and express volumes. There is also a risk that the macroeconomic conditions in one or more of the geographical markets in which the Group is active will develop negatively despite the fact that other markets in which the Group is active are not experiencing the same negative development of macroeconomic conditions. Demand in a market may thus fall significantly in a manner which cannot be compensated for by increased demand in other geographical markets. Furthermore, a long-term economic decline or problems with financing operations among the Group's customers could trigger a decline in demand for West Atlantic's air freight solutions, as well as a general decline in sales in the markets in which the Group is active.

If any of the risks described above were to occur, this could have a significant negative effect on West Atlantic's activities, profits and financial position.

Market and political risks

Market and political risks involve changes in demand, increased costs and other effects which may significantly affect the Group's activities, profits and financial position. Development of the national postal systems, monopolies and changes to statutory overnight delivery are examples of some of such risks. A decline in volume as a consequence of changes to legislation in respect of overnight delivery in one or more of West Atlantic's markets could have an adverse impact on the Group as it will result in a lower intensity of air freight traffic. There are also risks of increased environmental taxes (on aviation fuel, for example) and other taxes, changes to the EU Emissions Trading System (EU ETS) and changes to legislation relating to air traffic, working hours for pilots, aircraft manufacture and aircraft maintenance.

Furthermore, development in the market for express logistics freight and development of online shopping are examples of other market risks. As regards the development of online shopping, there is a risk that the rate of growth demonstrated by this market will not continue, or that the market will develop less positively than anticipated, or even decline. If any of the risks described above were to occur, this could have a significant negative effect on West Atlantic's activities, profits and financial position.

Assets and operative flight operations

The Group currently has two operational airlines, which is why the Group is exposed to the risks involved in operative flight operations. The primary risk in respect of operative flight operations is the risk of potential incidents, such as plane crashes, involving West Atlantic's aircraft. Such incidents could result in significant and extensive harm to individuals and property, as well as the Group's reputation. Such incidents would also risk involving significant costs for West Atlantic and mean that West Atlantic would risk being unable to meet its financial or operational commitments.

The Company owns a large number of aircraft via its subsidiaries, most of these being of the same type. If an incident such as the one described above were to occur with this aircraft type, this may lead to authorities introducing restrictions on the use of all aircraft of this type with the consequence that all aircraft of the type involved in an incident will be affected negatively. Such incidents may also lead to West Atlantic introducing self-imposed restrictions on the use of the aircraft type, such as grounding all aircraft of a certain type. Moreover, such incidents risk leading to an increase in maintenance, upgrade and service costs.

Moreover, West Atlantic and its flight operations are exposed to the general risks associated with flight operations. These risks involve, for example, the risk of being affected by natural disasters or the consequences thereof. Terrorist actions, sabotage and other similar risks are examples which could also have a negative impact on the Group and its business.

If any of the risks described above were to occur, this could have a significant negative effect on West Atlantic's activities, profits and financial position.

The Company's air freight solutions

West Atlantic's options for ongoing growth and development are dependent on the Group's ability to adapt to changes in the market for air freight solutions. This ability to adapt includes the ability to develop, improve and maintain West Atlantic's offering in relation to customers' needs. If West Atlantic were to be unable to adapt to changes, or were merely to achieve partial success with this adaptation, this could have a significant negative impact on West Atlantic's activities, profits and financial position.

Subcontractors

West Atlantic's conversion, maintenance, service and – above all – flight operations are dependent on access to spare parts and other components necessary for the Group's operations. These components are provided by external suppliers. The Group is dependent on its suppliers being able to provide these components when the need arises and for provision to take place within the timeframes demanded by West Atlantic's activities. In this regard there is a risk of components being impossible to supply, or of only some components being supplied, or of components being supplied on unfavourable terms. Moreover, there is a risk of components being impossible to supply within the time in which West

Atlantic needs them. If any of these risks were to materialise, this could have a significant negative effect on West Atlantic's activities, profits and financial position.

Employee and trade union-related risks

Conflicts with employees and trade unions may relate to conflicts in respect of interpretation, application and negotiation of collective bargaining agreements. Such conflicts may also relate to working hours, pay, benefits and other remuneration to both individuals and groups of employees. Such conflicts may arise in all the geographical markets in which West Atlantic is active. Such conflicts may lead to – for example – strikes, lockouts, disputes and both temporary costs and more permanent cost increases. Although West Atlantic itself would not be subject to employee or trade union-related conflicts, there is a risk that such conflicts could still adversely affect the Group on account of sympathy action such as strikes. If any of these risks were to materialise, this could have a significant negative effect on West Atlantic's activities, profits and financial position.

Digitalisation

The development from written communications sent by traditional post to electronic communication has led to a reduction in traditional post volumes. A large proportion of West Atlantic's revenues come from companies which have traditional postal delivery as one of their primary business areas. If the development towards reduced traditional post volume continues, or if the online shopping market were to decline or no longer be capable of compensating for the decline in the freight volume of traditional post, this could have a significant negative impact on West Atlantic's activities, profits and financial position.

Limited number of customers and dependency on success in procurement procedures

West Atlantic's customer base consists of a relatively small number of major customers. West Atlantic is thus dependent upon being successful in procurement procedures arranged by its customers. Although the Group may be successful in a procurement procedure, there is a risk that West Atlantic will not be selected as the only supplier as the customer may choose to allocate contracts to a number of operators. Although West Atlantic may succeed in winning procurement procedures and other customer contracts, customer contracts often include demands specifying that the supplier must demonstrate an agreed level of delivery reliability. If West Atlantic were not to meet these requirements, customers may terminate their contracts. There is also a risk of West Atlantic losing customers and/or not being successful in the procurement procedures arranged by customers. If any of these risks were to materialise, this could have a significant negative effect on West Atlantic's activities, profits and financial position.

Operation and maintenance costs

West Atlantic has to meet the costs for both operation and maintenance of its fleet of aircraft. There is a risk of an increase in the cost for this part of the Group's activities. If any of such risks were to occur, this could have a significant negative effect on West Atlantic's activities, profits and financial position.

Acquisition, sale and transaction related risks

West Atlantic is from time to time involved in acquisitions, sales and other transactions relating to companies and activities. Risks in the case of transactions may be attributable to the counterparty to

the transaction and involve the risk of this party being unable to honour its commitments on account of financial difficulties, for example.

For its activities and ongoing growth, West Atlantic is dependent on being able to acquire aircraft at attractive prices and on favourable terms. There is a risk that the aircraft which West Atlantic intends or needs to acquire will not be available, or will only be available at unattractive prices or on unfavourable terms. The counterparty risks described above also apply in respect of aircraft acquisitions. The value of aircraft may change, and many factors affect the value of aircraft. If any of the risks described above were to materialise, this could have a significant negative effect on West Atlantic's activities, profits and financial position.

Risks related to the Company's leasing operations

The Group performs operations with self-financed external aircraft leasing to a certain extent. There is a risk of the lessee being unable to honour its commitments pursuant to the lease in respect of payments and maintenance, for example, and of being unable to acquire an appropriate replacement customer for the aircraft, or that any such replacement customer could only be acquired on terms unfavourable to the Group. If any of these risks were to materialise, this could have a significant negative effect on West Atlantic's activities, profits and financial position.

Technical risks

Technical risks are understood to mean the technical risks associated with flight operations, such as the risk of misconstructions or other concealed faults and defects in the West Atlantic fleet of aircraft, but also risk of the same types of faults in the other equipment needed by the Group in order to conduct flight operations. There is a risk of unforeseen technical faults and hence costs as well; as a consequence of operative flight operations or in connection with modifications or conversions of aircraft, for example. If such technical problems were to occur, these could have a significant negative effect on West Atlantic's activities, profits and financial position.

Operational risk

Operational risks means with the risk of inter alia incurring losses on account of inadequate procedures or external incidents causing disruption or damage to operations. Major disruptions or damage may in turn lead to West Atlantic failing to succeed to achieve the agreed punctuality in its service deliveries, which could lead to one or more of the Group's customers terminating their respective contracts with West Atlantic. Shortcomings in operational security, including service implementation among significant suppliers to West Atlantic, could have a significant negative effect on West Atlantic's activities, profits and financial position.

Competition

The Group operates in a competitive industry. West Atlantic's future competitive situation is dependent upon – among other things – its ability to remain at the leading edge and adapt rapidly to altered market conditions. Not only is West Atlantic competing with other stakeholders providing air freight solutions; land and sea-based modes of transport also compete with air freight to a certain extent, and hence with the Group as well. There is a risk that West Atlantic will not be as successful in the future when it comes to adapting to new market conditions and competitive situations, if such a situation were to materialise this could have a significant negative effect on West Atlantic's activities, profits and financial position.

Risk related to emission allowances

The EU Emissions Trading System is applicable in relation to the Group's business. The trading system means that a ceiling has been set for emissions of greenhouse gases for the businesses covered by the system. If West Atlantic has emissions exceeding its emissions allowances, West Atlantic can either choose to buy more emissions allowances on the market or invest in measures to reduce the company's emissions. Should the need arise, there is a risk of emissions allowances not being available to the Group at attractive price, or they may only be available on unfavourable terms. Moreover, there is a risk that changes to the regulations for emissions allowances could risk creating a need for costly investments or involve other cost increases or reduced revenues. Changes to the regulations on emissions allowances could also, in the short term, risk blocking or preventing the transfer of any costs for emissions allowances to West Atlantic's customers. If any of these risks were to materialise, this could have a significant negative effect on West Atlantic's activities, profits and financial position.

Dependency on laws, licenses and decisions

Aviation business requires a license, and so West Atlantic's operations are dependent on necessary authorisations, licences and decisions from relevant authorities, primarily from authorities whose operations and responsibilities are attributable to air traffic and authorities in the jurisdictions in which the Group's aircraft are registered. There is a risk of being unable to obtain necessary authorisations, licences and decisions. Once these have been obtained, there is also a risk of being unable to renew them, or of them being withdrawn. There is also a risk that such renewal of necessary authorisations, licences and decisions will not be obtainable, but that West Atlantic will undertake extensive investigations or costly adaptations of the Group's activities. In the event that one or more of West Atlantic's most critical licences or authorisations are withdrawn or not renewed, this may mean that the Group will have to cease operating. If any of these risks were to materialise, this could have a significant negative effect on West Atlantic's activities, profits and financial position.

Ability to recruit and retain staff

West Atlantic and its business are dependent on a number of key individuals, including senior executives and people with specialist skills. West Atlantic's future successes are dependent upon factors such as the ability to retain and continue to motivate these staff, as well as the ability to recruit, retain and develop other qualified senior executives and other key employees. If key people were to leave the Group and it were to be impossible to recruit suitable successors, this could have a significant negative effect on West Atlantic's activities, profits and financial position.

Human factor

Mistakes made by the Group's pilots, technicians or other personnel, both during flight operations and other operations such as maintenance and servicing could lead to incidents or accidents and West Atlantic becoming involved in disputes or other adverse events. Mistakes made by people who are not employees of West Atlantic may also have such consequences. If any of these risks were to materialise, this could have a significant negative effect on West Atlantic's activities, profits and financial position.

Disputes

There is a risk that West Atlantic may become involved in disputes, including court and official proceedings, in the future. Each such proceeding could be time consuming, relate to large sums and

present considerable costs to the Group regardless of outcome, which could have a considerable negative effect on West Atlantic's activities, profits and financial position.

Tax-related risks

West Atlantic conducts cross-border business in Sweden as well as abroad, through companies and branches (so called permanent establishments). West Atlantic's activities are affected by current tax regulations in the countries in which West Atlantic operates activities. West Atlantic is exposed to potential tax risks, which follow from the fact that the application and interpretation of tax laws, treaties, regulations and guidelines varies with regard to income and value added taxes, employee related taxes, social charges and other applicable taxes. There is a risk that West Atlantic's interpretation of applicable laws, tax agreements, provisions or practice may be incorrect or that such rules may change with potential retroactive effect. Changes in legislation amended accounting rules or decisions from relevant authorities, such as the tax authorities or courts of law, may weaken West Atlantic's present or previous tax situation in Sweden or abroad, which could have a considerable negative effect on West Atlantic's activities, profits and financial position.

Amended legal conditions

Aviation operations are strictly regulated and subject to significant regulations; regulations relating specifically to aviation operations but also to related areas such as the environment. There is a risk of changes being made to the regulations which will involve West Atlantic having to make costly investments or preventing, impeding or blocking West Atlantic's aviation operations.

The regulations applicable to aviation operations and licences within the EU include requirements relating to domestic ownership of these companies. At present, it is stated as a general rule, as a condition for allotment of an operating licence for air traffic within the EU that citizens of member states (or a member state itself) must own more than 50 per cent of the company and exercise actual control over the company, either directly or indirectly. Other airlines on the market typically have provisions in the Articles of Association which allow measures for altering ownership of the company in case the ownership interests are amended in a way which risks jeopardising the airline's air traffic rights. Such provisions may relate to the redemption or new issue of shares. However, the Company's Articles of Association have no such provisions. If the ownership of the Company were to change in a manner which means that it no longer meets the requirements in respect of ownership, the Company's operating licences could therefore be withdrawn. The requirements for the allotment of operating licences also include requirements for domestic ownership. Furthermore, if the requirement for domestic ownership were to be mitigated or eliminated entirely, the pan-European market would be opened up to a significant number of stakeholders which are currently not active on the pan-European market. Such stakeholders may include cargo airlines active in e.g. the USA. Such stakeholders may be of significant size and have greater financial resources than West Atlantic, which is why the Company risks not being able to cope with the competition which any such entry of stakeholders to the market would involve. This could have a significant negative effect on West Atlantic's activities, profits and financial position.

Amended accounting rules

West Atlantic's business which is applied from time to time in Sweden and on the other geographical markets in which the Group is active, including IFRS and other international accounting rules. This means that West Atlantic's accounting, financial reporting and internal audits in the future may be

affected by and need to be adapted to amended accounting rules or amended application of such accounting rules, including amendments that has already occurred. This may result in uncertainty in respect of the Group's accounting, financial reporting and internal audits, and could also affect the Group's reported profit, statement of income, tax situation and equity, which could have a significant negative effect on West Atlantic's activities, profits and financial position.

Financial risks

Credit risks

Credit risk involves exposure to losses if counterparty is unable to honour its financial commitments in respect of the Group. Besides the Group's customers, such counterparties are present in – among other things – investment of surplus liquidity, the underwriting of any interest swap or currency hedge contracts or the issuing of promissory notes, as well as in obtaining long-term and short-term credit agreements. If these counterparties are unable to honour their financial commitments to West Atlantic, this could have a significant negative effect on West Atlantic's activities, profits and financial position.

Liquidity risks

Liquidity risk is the risk of the Group being unable to meet its payment obligations when these fall due without a considerable increase in the cost of obtaining the funds. West Atlantic's available liquidity as at 30 September 2015 amounted to SEK 31 million. Moreover, West Atlantic has short-term loan facilities comprising an overdraft facility in a total of SEK 50 million, of which SEK 26 million was unutilised as at 30 September 2015. If West Atlantic's sources of finance prove to be insufficient, this could have a significant negative effect on West Atlantic's activities, profits and financial position.

Refinancing risks

Refinancing risk refers to the risk whereby finance cannot be acquired or renewed at the end of the finance terms, or whereby finance can only be acquired at greatly increased cost. West Atlantic's ability to refinance is dependent upon factors such as the Group's future ability to generate revenues and operational capability. These factors are influenced by a number of factors such as prevailing economic, business and market conditions, as well as regulatory and other conditions. If West Atlantic's revenues and cash flow, as well as its financial position in general, are not sufficiently attractive to credit providers, there is a risk of the Group being unable to refinance its loans. If West Atlantic is unable to refinance its loans, this may involve a risk of West Atlantic having to postpone or cancel necessary investments or acquisitions. It may also involve West Atlantic being forced to transfer assets on terms unfavourable and seek finance elsewhere, which may not be available at all or may only be available on unfavourable terms. Any credit provider which does not receive repayments could also request bankruptcy. All the incidents described above could have a significant negative effect on West Atlantic's activities, profits and financial position.

Interest rate risk

Interest rate risk means the risk of changes to interest rates having an effect on West Atlantic's interest expenses. In the longer term, changes to interest rates will have a significant effect on West Atlantic's profits and cash flow. West Atlantic's total interest rate expenses for the 2014 financial year amounted to approximately SEK 58 million, and the average interest rate level as at 31 December 2014 amounted to 9 per cent. Based on West Atlantic's annual earning capacity as at 31 December 2014, a change in the market interest rate of +/-1 per cent (without taking into account derivative contracts)

would in theory affect West Atlantic's profit before tax by +/- SEK 200,000. If the prevailing interest rate levels were to change and/or West Atlantic were to fail to pay interest in the future, this could have a significant negative effect on West Atlantic's activities, profits and financial position.

Risk related to loans

West Atlantic has outstanding loans and commitments under these loans, such as the obligation to maintain certain financial key figures. There is a risk that West Atlantic will not be capable of meeting the requirements in the terms for these financing operations. If West Atlantic were to be unable to meet the terms, West Atlantic could be considered to be in what is known as default pursuant to the financing terms, which could give the lenders the right to demand early contract termination and repayment. It could also result in the securities issued by West Atlantic pursuant to the financing terms having to be utilised, which includes the pledgees being able to realise the pledged assets. If lenders were to realise pledged assets, this could result in the Group having to cease trading. In this event, there is a risk of a significant negative effect on West Atlantic's activities, profits and financial position.

Risk related to currency exchange rates

West Atlantic is exposed to risks attributable to fluctuations in exchange rates as a large proportion of the business revenues are generated in currencies other than SEK. West Atlantic also has significant expenses in currencies other than SEK.

Many of the components included in the implementation of aviation operations are priced in USD. West Atlantic is particularly exposed to exchange rate fluctuations which affect net revenues from foreign subsidiaries, as well as the risk of revaluations of foreign assets and liabilities attributable to exchange rate fluctuations. West Atlantic also has other assets and liabilities denominated in foreign currency, which means that West Atlantic is also particularly vulnerable to changes attributable to exchange rate fluctuations in respect of these assets.

West Atlantic's greatest exchange rate exposure is in relation to USD and GBP, but West Atlantic is also exposed to NOK and EUR. Thus there is a risk of fluctuations in exchange rates potentially having a significant negative effect on West Atlantic's activities, profits and financial position.

Risk related to changes in fuel prices

West Atlantic is exposed to risks attributable to negative changes in the cost of aviation fuel. There is a risk that the Company's selection of air freight solutions may be perceived as less attractive by customers and potential customers as the Group's customer contracts state that cost increases attributable to fuel prices above a certain level are to be transferred to customers. This involves a risk of competitors or alternative modes of transport not affected by these increases appearing to be more attractive alternatives for meeting customers' need for transport solutions.

Fuel prices are volatile and the market price of fuel is affected by a number of factors beyond the control of West Atlantic. There is thus a risk of significant cost-increasing changes taking place in respect of the price of fuel. There is also a risk of the Group being unable to compensate itself fully for increased fuel prices by transferring this entire cost to customers. If any of these risks described were to materialise, this could have a significant negative effect on West Atlantic's activities, profits and financial position.

Risks relating to the Bonds

Credit risks

Bond loans can contain elements resulting in particular risks for potential investors. If West Atlantic's financial position deteriorates it is likely that the credit risk associated with the bonds will increase since the risk that West Atlantic cannot fulfil its obligations under the bonds increases. West Atlantic's financial position is affected by numerous risk factors, some of which have been outlined above. An increased credit risk could result in the market pricing the bonds with a higher risk premium, which would adversely affect the value of the bonds. Another aspect of the credit risk is that deteriorated financial position could result in a lower credit-worthiness, which could have effect on the Company's ability of refinancing when the bonds mature.

Refinancing risks

West Atlantic may be required to refinance some or all of the outstanding debt. The ability to successfully refinance its debt is dependent on conditions in the capital markets and its financial position at such time. In the event that such refinancing will not be possible on reasonable terms, this could have a material adverse effect on the Company's financial position. Hence, there is a risk that a Holder does not get paid in full at the maturity of the Bonds.

Ability to comply with the terms and conditions

West Atlantic is required to comply with the Terms and Conditions. Events beyond the Group's control, including changes in the economic and business condition in which the Group operates, may affect the Company's ability to comply with, among other things, the undertakings set out in the Terms and Conditions. A breach of the Terms and Conditions could result in a default under the Terms and Conditions.

Interest rate risk

The value of the Bonds is dependent on several factors, one of the most significant over time being the level of the general market interest rates. Investments in the Bonds involve a risk that the market value of the Bonds may be adversely affected by changes in market interest rates.

Liquidity risk and secondary market

West Atlantic will apply for registration of the Bonds on the corporate bond list on Nasdaq Stockholm. However, there can be no assurance that the Bonds are admitted to trading on Nasdaq Stockholm 60 days after the Issue Date. The Holder will in such case have a right to accelerate the Bonds. As a result, the Holder might receive repayment in respect of the Bonds earlier than expected. Further, even though the Bonds are admitted to trading it cannot be ascertained that an active market for the Bonds will evolve. This can result in Holders not being able to sell their Bonds when they wish to or at a yield comparable to similar investments having an existing and functioning secondary market. A lack of liquidity in the market could have an adverse effect on the market value of the Bonds.

The market price of the bonds may be volatile

The market price of the Bonds may be subject to significant fluctuations corresponding to the actual or anticipated variations in the Group's and its competitors' operating results, adverse business, changes in the regulatory environment in which the Group operates, changes in financial valuations of

securities analysts and actual or anticipated sales of a large number of Bonds as well as other factors. Volatility in the market price of the Bonds may result in Holders of the Bonds not being able to sell their Bonds at a price exceeding the respective investor's acquisition value, i.e. at a loss.

Defaults and insolvency subsidiaries

In the event of insolvency, liquidation or a similar event relating to one of the Group's subsidiaries, all creditors of such subsidiary would be entitled to payment in full out of the assets of such subsidiary before the Group, as a shareholder, would be entitled to any payments. Defaults by, or the insolvency of, certain subsidiaries of the Group could result in the obligation of the Group to make payments under the parent company financial or performance guarantees in respect of such subsidiaries' obligations or the occurrence of cross defaults or certain borrowings of the Group or its subsidiaries. There is a risk that the Group and its assets would not be protected from any actions by the creditors of any subsidiary of the Group, whether under bankruptcy law, by contract or otherwise. If these risks were to materialise it could have an adverse effect on the market price of the Bonds.

Dependence on other companies in the Group

The Company is a parent company and is dependent upon receipt of sufficient income related to the operation of and the ownership in the other entities within the Group to enable it to make payments under the Bonds. The Group's operating companies are legally separate and distinct from the Company and have no obligation to pay amounts due with respect to the Group's obligations and commitments or to make funds available for such payments. The ability of the Group's operating companies to make such payments to the Company is subject to, among other things, the availability of funds. However, two of the Company's subsidiaries have entered into guarantee agreement under the Terms and Conditions of the Bonds regarding *inter alia* the Company's payment obligations. There is a risk that the Company may not receive sufficient income from other entities in the Group. If this risk were to materialise it could have an adverse effect on the Company's ability to make payments under the Bonds.

Security package

The Bonds are secured through the security package described in the Terms and Conditions. There is a risk that the pledged assets will not be sufficient for the Holders should the pledges be realised. Other than the security created under the security package, the Bonds represent an unsecured obligation of the Group. In the event of bankruptcy, reorganisation or winding-up of the Company, the Holders of the Bonds normally receive payment after any priority creditors have been paid in full. According to the Terms and Conditions the Group is under certain circumstances allowed to dispose of the pledged assets which could *inter alia* have a negative impact on the validity of the pledged assets, on the enforcement of the pledge and on the repayment of the Bonds. Moreover, the pledged assets may be subject to jurisdictions in different countries, which also may affect the pledge to different extents.

Furthermore, Sweden will implement the Cape Town Convention (Sw. *Kapstadskonventionen och luftfartsprotokollet*). The Cape Town Convention regulates rules for international security interests (Sw. *internationella säkerhetsintressen*). If the security included in the security package (as applicable) is not registered in accordance with these regulations it could have a negative impact with regards to *inter alia* the priority right of the secured assets and consequently to the Holders. In certain circumstances it could also have a negative impact if the pledge over the aircraft is not pledged both in the national register and in the international register under the Cape Town Convention.

Risks related to early redemption, repurchase and partial prepayment of the bonds

Under the Terms and Conditions, West Atlantic has reserved the possibility to redeem all outstanding Bonds before the final redemption date. If the Bonds are redeemed before the final redemption date, the Holders have the right to receive an early redemption amount which exceeds the nominal amount. However, there is a risk that the market value of the Bonds is higher than the early redemption amount and that it may not be possible for Holders to reinvest such proceeds at an effective interest rate as high as the interest rate on the Bonds and may only be able to do so at a significantly lower rate.

It is further a risk that the Company will not have sufficient funds to make a required repurchase or partial prepayment of the Bonds, according to the Terms and Conditions (as applicable) at the time of such payment, which could adversely affect the Company and thus the Holders.

Holders' meetings

The Terms and Conditions include certain provisions regarding holders' meetings, which may be held in order to resolve on matters relating to the Holders' interest. Such provisions allow for designated majorities to bind all Holders, including Holders who have not participated in or voted differently than the required majority, to decisions that have been taken at a duly convened and conducted holders' meeting. Consequently, there is a risk that the actions of the majority in such matters could impact a Holder's right in a manner that would be undesirable for some of the Holders.

Holders' representation

In accordance with the Terms and Conditions, the Trustee represents the Holders in all matters relating to the Bonds. However, this does not rule out the possibility that the Holders, in certain circumstances, could bring their own action against the Company, which could negatively impact an acceleration of the Bonds or other action against West Atlantic. To enable the Trustee to represent the Holders in court, the Holders may have to submit a written power of attorney for legal proceedings. The failure of all Holders to submit such a power of attorney could negatively impact the enforcement of the Bonds and the possibility of the Holders to exercise their rights under the Bonds. Under the Terms and Conditions the Trustee has the right in some cases to make decisions and make measures that bind all Holders. Consequently, the actions of the Trustee in such matters could impact a Holder's rights under the Terms and Conditions in a manner that would be undesirable for some of the Holders.

Currency risk

The Bonds will be denominated and payable in SEK. If investors in the Bonds measure their investment return by reference to a currency other than SEK, an investment in the Bonds will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the SEK relative to the currency by reference to which investors measure the return on their investments could cause a decrease in the effective yield of the Bonds below their stated coupon rates and could result in a loss to investors when the return on the Bonds is translated into the currency by reference to which the investors measure the return on their investments. 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 Company to make payments in respect of the bonds. As a result, there is a risk that investors may receive less interest or principal than expected, or no interest or principal.

Clearing and settlement in Euroclear's account-based system

The Bonds will be affiliated to and will continue to be affiliated to Euroclear's account-based system. Consequently, no physical bonds have been or will be issued. Clearing and settlement of the Bonds, as well as payment of interest and redemption of principal amounts, will be performed within the account-based system. The Holders are therefore dependent on the functionality of the account-based system. If the functionality of the account-based system is experiencing e.g. technical difficulties there is a risk that payment of interest and redemption of principal amounts may be delayed.

Structural subordination

The subsidiaries are legally separate from the Company and have no obligation to make payments to the Company of any surpluses generated from their business. The subsidiaries' ability to make payments is restricted by, among other things, the availability of funds, corporate restrictions and local law. The Holders are therefore subordinated to any creditors of any subsidiary. However, two of the Company's subsidiaries have entered into guarantee agreement under the Terms and Conditions of the Bonds regarding inter alia the Company's payment obligations.

Changes in legislation

The Terms and Conditions are based on Swedish legislation applicable at the date hereof. There can be no assurance as to the effect of any potential future change in legislation, case law or administrative practice. Changes in legislation, case law or administrative practice could adversely affect the value of the Bonds.

Restrictions on the transferability of the bonds

The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or any U.S. state securities laws. Subject to certain exemptions, a Holder of the Bonds may not offer or sell the Bonds in the United States. West Atlantic has not undertaken to register the Bonds under the U.S. Securities Act or any U.S. state securities laws or to affect any exchange offer for the Bonds in the future. Furthermore, the Company has not registered the Bonds under any other country's securities laws. It is the Holder's obligation to ensure that the offers and sales of Bonds comply with all applicable securities laws.

Conflict of interests

The Issuing Agent and the Sole Bookrunner may in the future engage in, investment banking and/or commercial banking or other services for the Group in the ordinary course of business. Accordingly, conflicts of interest may exist or may arise as a result of the Issuing Agent or the Sole Bookrunner having previously engaged, or will in the future engage, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests.

Responsible for the information in the Prospectus

The Company issued the Bonds on 21 December 2015. This Prospectus has been prepared in relation to the Company applying for admission to trading of the Bonds on Nasdaq Stockholm, in accordance with the Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council and the rules and regulations in Chapter 2 of the Swedish Financial Instruments Trading Act, each as amended.

The Company is responsible for the information given in this Prospectus. The Company confirms that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of the Company's knowledge, in accordance with the actual conditions and that no information has been omitted which may distort the picture of the Company. The information in the Prospectus and in the documents incorporated by reference which derive from third parties has, as far as the Company is aware and can judge on basis of other information made public by the respective third party, been correctly represented and no information has been omitted which may serve to render the information misleading or incorrect.

The board of directors is responsible for the information given in this Prospectus only under the conditions and to the extent set forth in Swedish law. The board of directors confirms that, having taken all reasonable care to ensure that such is the case, the information in this Prospectus is, to the best of the board of directors' knowledge, in accordance with the facts and contains no omissions likely to affect its import.

Gothenburg on 22 January 2016

West Atlantic AB (publ)

The board of directors

The Bonds in brief

This section contains a general and broad description of the Bonds. It does not claim to be comprehensive or cover all details of the Bonds. Potential investors should therefore carefully consider this Prospectus as a whole, including the documents incorporated by reference (see below section “Overview of financial reporting and documents incorporated by reference”) and the full Terms and Conditions for the Bonds, which can be found in section “Terms and Conditions for the Bonds”, before a decision is made to invest in the Bonds.

Concepts and terms defined in section “Terms and Conditions for the Bonds” are used with the same meaning in this section unless otherwise is explicitly understood from the context or otherwise defined in this Prospectus.

The Bonds are debt instruments (Sw. *skuldförbindelser*), intended for public market trading, which confirm that each Holder has a claim against the Company. The Company resolved to issue the Bonds on 17 December 2015. The purpose of the Bond Issue was to raise funds to be used towards refinance the Existing Bond in full, to finance purchase of New Aircraft as well as to finance the Investment Programme and for general corporate purposes. The net proceeds from any Subsequent Bond Issue may be allocated towards any purpose deemed appropriate by the management of the Group. The Issue Date for the Bonds was 21 December 2015. The Bonds will mature on 21 December 2019.

The aggregate nominal amount of the Bonds is maximum SEK 1,350,000,000 represented by Bonds denominated in SEK with ISIN SE0007783840, each with a Nominal Amount of SEK 1,000,000. The Bonds were issued at a price equal to 100 per cent of the Nominal Amount. As of the date of this Prospectus, SEK 850,000,000 of the bond loan has been issued.

The Bonds have been issued in accordance with Swedish law and are connected to the account-based system of Euroclear. This means that the Bonds are registered on behalf of the Holders on a securities account (Sw. *VP-konto*). No physical notes have been or will be issued. Payment of principal, interest and, if applicable, withholding of preliminary tax will be made through Euroclear’s book-entry system. The Bonds constitute direct, general, unconditional, unsubordinated and secured obligations of the Company and shall at all times rank at least *pari passu* with all direct, general, unconditional, unsubordinated and unsecured obligations of the Company except those obligations which are mandatorily preferred by law and without any preference among them. The Bonds are secured by the security granted under the Security Documents. Furthermore, each Guarantor have unconditionally and irrevocably, jointly and severally, guaranteed to the Trustee and the Holders, as represented by the Trustee, as for its own debt (Sw. *såsom för egen skuld*) the full and punctual payment by the Company of the Guaranteed Obligations.

The Company shall redeem all outstanding Bonds at 100 per cent of the Nominal Amount together with accrued but unpaid interest on the Final Redemption Date, unless previously redeemed, repurchased or partial prepaid and cancelled in accordance with section 11 “Redemption, repurchase and prepayment of the Bonds” or terminated in accordance with section 15 “Termination of the Bonds” of the Terms and Conditions.

The Company may redeem all, but not only some, of the Bonds in full on any Business Day prior to the First Call Date, at an amount equal to the Make Whole Amount together with accrued but unpaid Interest. The Company may redeem all, but not only some, of the Bonds in full on any Business Day falling on or after the First Call Date, but before the Final Redemption Date, at the applicable Call

Option Amount together with accrued but unpaid Interest (see further section 11.3 “*Early voluntary redemption by the Issuer (call option)*” of the Terms and Conditions).

Upon a Change of Control Event each Holder has a right of prepayment (put option) of its Bonds at a price of 101 per cent of the Nominal Amount together with accrued but unpaid interest (see further section 11.5 “*Mandatory repurchase due to a Change of Control Event (put option)*” of the Terms and Conditions).

Upon an Equity Listing Event the Company may repay up to 30% of the total Initial Nominal Amount in which case all outstanding Bonds shall be partially repaid by way of reducing the Nominal Amount of each Bond *pro rata*. The repayment price per Bond shall equal the repaid percentage of the Nominal Amount plus (i) a premium on the repaid amount as set forth in the Call Option Amount for the relevant period and, shall before the First Call Date be the price set out in paragraph (a) of the Call Option Amount definition, and (ii) accrued but unpaid interest on the repaid amount (see further section 11.4 “*Equity Claw Back*” of the Terms and Conditions).

If a Group Company does not apply the net proceeds from a disposal (as set out in Clause 12.5 in the Terms and Conditions) in reinvestment in the same line of business within the Reinvestment Period the net proceeds from such disposal shall be applied in partial prepayment on outstanding Bonds by way of reducing the Nominal Amount of each Bond *pro rata*, the prepayment per Bond shall equal the repaid percentage of the Nominal Amount (rounded down to the nearest SEK 1.00) plus 3.00 per cent and accrued but unpaid interest on the repaid amount (see further section 11.6 “*Mandatory partial prepayment due to disposal of assets*” of the Terms and Conditions).

Payment of the Nominal Amount and/or interest will be made to the person who is a Holder on the Record Date immediately preceding the relevant payment date. Payments shall be made in SEK. The right to receive payment of the Nominal Amount is time-barred and becomes void ten years from the relevant Redemption Date, unless the limitation period is duly interrupted.

The Bonds bear interest from, but excluding, the First Issue Date up to, and including, the relevant redemption date at a fixed annual rate of 6.50% (adjusted for the potential Interest Rate Step Up, as applicable) paid semi-annually, and is calculated on a 30/360 basis. The Interest Payment Dates are 21 June and 21 December each year (with the first Interest Payment Date on 21 June 2016 and the last Interest Payment Date being the Final Redemption Date). The right to receive payment of interest is time-barred and becomes void three years from the relevant due date for payment.

Nordic Trustee & Agency AB (publ) is initially acting as Trustee and security agent for the Holders in relation to the Bonds, and, if relevant, any other matter within its authority or duty in accordance with the Terms and Conditions. Even without a separate authorisation from the Holders and without having to obtain any Holder’s consent (if not required to do so under the Terms and Conditions), the Trustee, or a person appointed by the Trustee, is entitled to represent the Holders in every matter concerning the Bonds and the Terms and Conditions. The Trustee is authorised to act on behalf of the Holders whether or not in court or before an executive authority (including any legal or arbitration proceeding relating to the perfection, preservation, protection or enforcement of the Bonds). Each Holder shall immediately upon request by the Trustee provide the Trustee with any such documents, including a written power of attorney (in form and substance to the Trustee’s satisfaction), as the Trustee deems necessary for the purpose of carrying out its duties under the Terms and Conditions. The Trustee is under no obligation to represent a Holder which does not comply with such request of the Trustee. An

agreement has been entered into between the Trustee and the Company regarding, *inter alia*, the remuneration payable to the Trustee.

Each of the Company, the Trustee and Holders representing at least 10 per cent of the Adjusted Nominal Amount, may request that a Holders' Meeting or a Written Procedure is convened (see further section 18 "*Holders' Meeting*" of the Terms and Conditions) or request a Written Procedure (see further section 19 "*Written Procedure*" of the Terms and Conditions). Such Holders' Meeting or Written Procedure may, upon votes representing a relevant majority of Holders eligible for voting, cause resolutions to be validly passed and binding on all Holders.

If the Bonds have been duly declared due and payable due to an Event of Default, the available funds shall firstly be applied towards payment of all costs and expenses incurred by and any remuneration payable to the Trustee under the Finance Documents, secondly in or towards payment of accrued but unpaid Interest under the Bonds, thirdly in or towards payment of any unpaid principal under the Bonds and fourthly in or towards payment of any other costs or outstanding amounts unpaid under the Finance Documents. Any excess funds shall be transferred to the Company or the Guarantors (as applicable).

The Bonds are freely transferrable and trading can occur from the First Issue Date. Holders may, however, be subject to purchase or transfer restrictions with regard to the Bonds, as applicable from time to time under local laws to which a Holder may be subject (due to, *e.g.*, its nationality, its residency, its registered address or its place(s) for business). Each Holder must ensure compliance with local laws and regulations applicable at their own cost and expense. All Bond transfers are subject to the Terms and Conditions and the Terms and Conditions are automatically applicable in relation to all Bond transferees upon the completion of a transfer. Upon a transfer of Bonds, any rights and obligations under the Finance Documents relating to such Bonds are automatically transferred to the transferee.

To simplify trading in the Bonds, the Company shall ensure to apply for listing of the Bonds on Nasdaq Stockholm in connection with the Swedish Financial Supervisory Authority's approval of this Prospectus. The number of Bonds being admitted to trading if the application is approved by Nasdaq Stockholm is 850. The earliest date for admitting the Bonds to trading on Nasdaq Stockholm is on or about 26 January 2016. Subsequent Bonds issued within the framework amount of SEK 500,000,000 under the Terms and Conditions may be admitted to trading pursuant to this Prospectus within one year after the approval of this Prospectus by the Swedish Financial Supervisory Authority. The fact that an application regarding listing of the Bonds on Nasdaq Stockholm has been submitted does not mean that the application will be approved. The total expenses of the admission to trading of the Bonds are estimated to amount to SEK 200 000.

The Terms and Conditions include an undertaking by the Company to ensure that the Bonds are listed on the corporate bond list of Nasdaq Stockholm no later than 60 calendar days after the First Issue Date and shall take all measures required to ensure that the Bonds, once listed, continue being listed on Nasdaq Stockholm as for as long as any Bond is outstanding. Upon any Subsequent Bond Issue, the volume of Bonds listed at the corporate bond list of Nasdaq Stockholm shall promptly, and no later than 10 Business Days after the relevant Issue Date be increased accordingly.

The Group and its operations

Introduction to the Company and the Guarantors

West Atlantic AB (publ) is a public limited liability company registered in Sweden with registration number 556503-6083, having its registered address at P.O. Box 5433, SE-402 29, Gothenburg, Sweden. The Company's trade name is West Atlantic. The Company was formed on 1 December 1994 and registered with the Swedish Companies Registration Office on 17 January 1995. The Company is governed by Swedish law including, but not limited to, the Swedish Companies Act (Sw. *aktiebolagslagen* (2005:551)) and the Swedish Annual Accounts Act (Sw. *årsredovisningslagen* (1995:1554)).

West Atlantic Aircraft Management AB ("WAAM") and West Atlantic Sweden AB ("WAS") are the Guarantors. WAAM and WAS are private limited liability companies registered in Sweden with registration number 556609-4800 and 556062-4420, both having their registered address at P.O. Box 5433, SE-402 29 Gothenburg, Sweden. WAAM was formed on 19 March 2001 and WAS was formed on 30 November 1955. The Guarantors are governed by Swedish law including, but not limited to, the Swedish Companies Act (Sw. *aktiebolagslagen* (2005:551)) and the Swedish Annual Accounts Act (Sw. *årsredovisningslagen* (1995:1554)).

Share capital, shares, ownership structure and governance

According to its articles of association, the Company's share capital shall be no less than SEK 27,000,000 and not more than SEK 108,000,000 divided into no less than 27,000,000 ordinary shares and not more than 108,000,000 ordinary shares. The Company's current share capital amounts to SEK 27,004,640 divided among 27,004,640 ordinary shares. The ordinary shares entitle the holder to one vote per share. The ordinary shares are denominated in SEK.

The shareholders of the Company as of the date of this Prospectus are set out in the table below.

Shareholder	# of shares	% of shares
Göran Berglund	10,058,559	37.2%
Air Transport Services Group Inc.	6,751,160	25.0%
Gustaf Thureborn	5,131,551	19.0%
Tony Auld	2,025,348	7.5%
Russell Ladkin	2,025,348	7.5%
Atlantic Holdings Ltd.	759,506	2.8%
Nigel Hiorns	253,168	0.9%
Total:	27,004,640	100.0%

All of the abovementioned shareholders are parties to a shareholders agreement concerning the Company, see further "*Shareholders agreements*" below. To ensure that the control over the Company is not abused, the Company complies with the Swedish Companies Act. In addition, the Company acts in accordance with the rules of procedure of the board of directors and the instructions for the managing director adopted by the Company.

WAAM and WAS are wholly owned subsidiaries of the Company.

Business and operations

According to West Atlantic's articles of association, adopted on 23 November 2015, the object of the Company is to directly and through subsidiaries operate air services and associated production of services and products, management of real property, aircraft and tangible property, as well as any activities compatible therewith.

The Group has its headquarter in Gothenburg, Sweden, and is one of the largest providers of regional air freight solutions in Europe, offering customised solutions for air freight, aircraft maintenance, airworthiness services and aircraft leasing. With a track record of more than 30 years of operations, West Atlantic is a trusted supplier of dedicated air freight solutions to Global Integrators in the EMEA region and key or sole air network provider to a number of European National Mail Organisations.

The Group benefits from a large, customised and well-maintained aircraft fleet which makes it well-equipped to meet current and future customer needs. As at 30 September 2015, the Group's fleet comprises 46 aircraft in service¹. The Group's fleet has an estimated market value of SEK 850–900 million² and an average remaining lifetime of approximately 20 years. Through conversions and modifications the fleet has been adapted to offer dedicated air freight solutions across a comprehensive network comprising 48 destinations, based on customer requirements, and five strategically located hubs. Supporting this network is a centralised system of flight dispatch and technical management which allows the Group to consistently deliver dispatch reliability, as defined by the number of flights departing within a specified period of a scheduled departure time, in excess of 99 per cent.

West Atlantic AB (publ) is the parent company in the Group. The Group consists of five wholly owned subsidiaries. In addition, one of the Company's subsidiaries, Atlantic Airlines Ltd. owns all outstanding shares in GLACKT Ltd. Moreover, WAS also has four branches (permanent establishments) which are located in France, Denmark, Norway and Luxembourg respectively and Atlantic Airlines Ltd. has one branch (permanent establishment) which is located in France. A significant portion of the Group's operations are carried out through the Company's subsidiaries. Consequently, the Company is dependent upon such subsidiaries. The Guarantors are wholly owned subsidiaries of the Company.

Legal considerations and supplementary information

The Company and the Guarantors have obtained all necessary consents, approvals and authorisations in connection with the issuance of the Bonds.

Litigation

West Atlantic is currently involved in three ongoing disputes of material nature. One dispute concerns social security contributions for pilots employed in the legacy subsidiary West Air Luxembourg S.A. ("WAL"). The pilots in question were registered in Luxembourg for social security purposes; however French authorities contend that they should have been registered in France during the period 2008–2012. Based upon this presumption French authorities have ordered WAL to pay retroactively social contributions and retirement benefits for this period.

¹ The Group has 54 aircraft in total (including one aircraft operated on behalf of another owner). The 8 own aircraft not in service are currently long-term parked or leased out.

² As at 30 September 2015. Calculated using data from industry appraisers Ascend Online. The information regarding the estimated market value of the Group's fleet has not been audited or reviewed by the Company's auditors.

In connection with the sale of WAL, West Atlantic committed to hold the buyer harmless of any such costs, a commitment that according to Management's assessment must be upheld. The Group has made a provision for these payments amounting to close to SEK 12 million as at 31 December 2014, which is equivalent to the amount demanded by French authorities. The dispute is expected to be heard in a French court over the course of 2016. As a consequence of the employees in question having been registered in Luxembourg during the relevant period, negotiations are ongoing with authorities in Luxembourg to receive a reimbursement in the corresponding amount to what West Atlantic has been ordered to pay by French authorities. Moreover, as the employees in question were not registered in France, a French court has ordered the Group to pay a fine of approximately SEK 1 million, a decision with which the Group has complied.

West Atlantic is also involved in two other disputes in France. The first dispute concerns one pilot's transfer of employment from WAL to West Air Sweden AB, in conjunction with which the pilot has demanded compensation in the amount of approximately SEK 3 million for, inter alia, lost income. The Group has made a provision amounting to approximately half of this. The other dispute concerns ten pilots who have made a demand on the Group for unpaid standby-compensation. The total potential payment under the demand amounts to approximately SEK 1 million and the Group has made a matching provision.

During the previous twelve months, except for the abovementioned disputes, the Group has not been and is not aware of any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) which may have, or have had in the recent past, significant effects on the Company's and/or the Group's financial position or profitability. However, West Atlantic is from time to time involved in legal proceedings in the ordinary course of business.

Material agreements

No Group company is party to any material agreement outside the ordinary course of business which could result in such company having a right or an obligation that could materially affect the Company's ability to meet its obligations under the Bonds or the Guarantors' ability to fulfil their obligations under the Guarantees.

Credit rating

Neither the Company nor the Guarantor's or the Bonds have a credit rating from an international credit rating institute.

Significant adverse changes and recent events

In August 2015 Amapola Flyg AB ("**Amapola**"), a customer of West Atlantic, announced that it will not extend its agreement with the Company when it expires in December 2015. The Company operated five BAe ATP-F aircraft under the agreement as a subcontractor to Amapola who is the main supplier of air freight services to PostNord in Sweden. West Atlantic's contract with Amapola accounted for roughly ten per cent of the Group's revenues in the financial year 2014.

Moreover, during December 2015, nine pilots out of eleven with WAS's French Branch went on a strike. West Atlantic subsequently entered into negotiations with the French pilot union. As at the date of the publication of this Prospectus it is unknown whether the strike will give rise to any litigation involving the Company or what the costs of the strike, if any, will amount to.

On 8 January 2016 one of West Atlantic's Bombardier CRJ 200 PF with the Swedish registration SE-DUX operating the Norwegian postal network on the route Oslo–Tromsø crashed in the north of

Sweden. The two man crew employed by the Company, the captain and the first officer, presume to have died in the crash and some of its cargo was completely destroyed. As at the date of the publication of the Prospectus the cause of the accident is unknown and, consequently, so is the consequences the accident might have to the Group and also the effects – financial or otherwise – on the Group of any such consequences.

Except for the foregoing, there has been no material adverse change in the prospects of the Company or the Guarantors since the date of publication of its last audited financial report and no significant change in the financial or market position of the Group since the end of the last financial period for which interim financial information has been published.

Shareholders agreements

All the shareholders in the Company have on 3 January 2014 entered into a shareholders agreement in respect of the Company. The shareholders agreement governs the on-going management and affairs of the Company, including, *e.g.*, the formation and procedures of the board of directors, shareholders meetings, financing and transfer of shares.

Except for the abovementioned shareholders agreement, as far as the Company is aware, no other shareholders agreement or other agreements exist between the present shareholders of the Company or the Guarantors which could result in a change of control of the Company or the Guarantors.

Guarantee agreements

The Company's obligations under the Bonds are guaranteed by the Guarantors under the Guarantees. Each Guarantor have unconditionally and irrevocably, jointly and severally, guaranteed to the Trustee and each Holder, as represented by the Trustee, as for its own debt (Sw. *såsom för egen skuld*) the full and punctual payment by the Company of the Guaranteed Obligations. The obligations and liabilities of and the guarantee issued by each Guarantor under the Guarantees shall be limited if required (but only if and to the extent required) under any applicable law or regulation in the respective jurisdiction in which each of the Guarantors are incorporated. For further information, please refer to section "Guarantees" below.

Board of directors, senior management and auditors

The business address for all members of the board of directors and the senior management in both the Company and the Guarantor's is: West Atlantic AB (publ), P.O. Box 5433, SE-402 29, Gothenburg, Sweden. The board of directors of the Company currently consists of seven members. Information on the members of the board of directors and the senior management, including significant assignments outside the Company which are relevant for the Company, is set forth below.

Board of directors of the Company

Lars Lindgren

Born 1950 and of Swedish nationality. Member and chairman of the board of directors of the Company since 2015. Current assignments outside the Company include chairman of the board of directors in Vaxholmsvatten Aktiebolag, board member in Vaxholm Smeden 3 AB, board member in Fastighetsbolaget Vasavägen 13 AB and deputy board member in Aktiebolaget Vårlyjus with assignments in related group companies.

Gustaf Thureborn

Born 1959 and of Swedish nationality. Member of the board of directors of the Company since 2002. Current assignments outside the Company include board member in Förvaltnings Aktiebolaget Säteriet, board member in Svenska Flygbranschens Service AB, deputy board member in Sundbo Fastighets Aktiebolag, deputy board member in Arcsec AB, Deputy board member in VACS AB, limited partner of Fastigheten Welandergatan 48 KB, limited partner of Fastigheten Göteborg 6:8 KB, limited partner of KB Maskrosen 17 and limited partner of Fastigheten Stenyxan 10 KB.

Marianne Dicander Alexandersson

Born 1959 and of Swedish nationality. Member of the board of directors of the Company since 2015. Current assignments outside the Company include chairman of the board of directors in Sahlgrenska Science Park AB, board member in Recipharm AB (publ), board member in Camurus AB, board member in Enzymatica AB (publ) and board member and managing director of MDA Management AB.

Carsten Browall

Born 1958 and of Swedish nationality. Member of the board of directors of the Company since 2015. Current assignments outside the Company include chairman of the board of directors in Vitrolife AB, chairman of the board of directors in Osstell Holding AB and assignments in related group companies, chairman of the board of directors in Metrum Sweden Aktiebolag, chairman of the board of directors in Unfors Holding AB, chairman of the board of directors in Carbro AB, board member in Unident Aktiebolag, board member in SciBase Holding AB (publ) with appointments in related group companies, board member in GHP Specialty Care AB (publ), board member in Bellman & Symfon AB, deputy member of Curevac International Aktiebolag with appointments in related group companies, deputy member of J.P.Grauers AB and deputy member of J Ekedahl Förvaltning AB.

Joseph Payne

Born 1963 and of American nationality. Member of the board of directors of the Company since 2014. Current assignments outside the Company include Senior Vice President, Corporate General Counsel and Secretary for Air Transport Services Group Inc. with appointments in related group companies.

Ingvar Nilsson

Born 1949 and of Swedish nationality. Member of the board of directors of the Company since 2015. Current assignments outside the Company include chairman of the board of directors in Hofaren Holding AB with appointments in related group companies, board member in Green Cargo AB, deputy board member in Elini AB and deputy board member in Printify Reklamgrossisten AB.

Göran Berglund

Born 1942 and of Swedish nationality. Member of the board of directors of the Company since 2015. Current assignment outside the Company includes board member in Medicinkonsulterna Göran Berglund AB.

Senior management of the Company*Gustaf Thureborn*

Gustaf Thureborn is the managing director of the Company. Gustaf Thureborn is also a board member of West Atlantic and is listed above; see further “*Board of directors*”.

Magnus Dahlberg

Magnus Dahlberg is the chief financial officer of the Company.

Robert Drews

Robert Drews is Group Technical Director of the Company and Accountable Manager of West Atlantic Sweden AB and Atlantic Airlines Ltd. Current assignments outside the Company include being owner of the sole proprietorship RD - Aviation consulting.

Rickard Asplund

Rickard Asplund is IT Manager of the Company. Current assignments outside the Company include being partner at Knoxit HB.

Charlotte Nord

Charlotte Nord is the HR manager of the Company.

Russell Ladkin

Russell Ladkin is Chief Commercial Officer of the Company.

Peter Carlsson

Peter Carlsson is Vice President Aircraft Management & Legal Affairs.

Greg Little

Greg Little is General Manager UK.

Nigel Hiorns

Nigel Hiorns is Director of Technical Operations UK and Deputy Accountable Manager of Atlantic Airlines Ltd.

Auditors

Grant Thornton Sweden AB, with Claes Jörstam as the auditor-in-charge, was elected as the Company’s auditor on the annual general meeting held 26 may 2015. The firm of auditors and the

auditor in charge have been the Company's auditor throughout the entire period covered by the historical financial information incorporated into this Prospectus by reference. Claes Jörstam is a member of FAR. The office address of Grant Thornton Sweden AB is Östra Hamngatan 26, SE-411 09 Gothenburg, Sweden.

Grant Thornton Sweden AB, with Claes Jörstam is also the auditor-in-charge for the Guarantors.

Unless otherwise explicitly stated, no information contained in this Prospectus has been audited or reviewed by the Company's auditors.

The board of directors and senior management in the Guarantors

Gustaf Thureborn, Lars Lindgren, Peter Carlsson and Magnus Dahlberg are members of the board of directors in WAAM, with Lars Lindgren as chairman. Gustaf Thureborn, Lars Lindgren and Magnus Dahlberg are members of the board of directors in WAS, with Lars Lindgren as chairman. The management of the Guarantors are also the same as the management in the Company.

Conflicts of interests

None of the members of the board of directors or the senior management of the Company or the Guarantors have a private interest that may be in conflict with the interests of the Group.

Although there are currently no conflicts of interest, it cannot be excluded that conflicts of interest may come to arise between companies in which members of the board of directors and members of the senior management have duties, as described above, and the Group.

Financial interests

Several members of the board of directors and the senior management have a financial interest in the Company or the Guarantors through their holdings of shares in the Company.

Overview of financial reporting and documents incorporated by reference

The accounting principles applied in the preparation of the Company's financial statements presented below are set out in the following and have been consistently applied to all the years presented, unless otherwise stated.

The financial information for the financial year ending 31 December 2014 have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, RFR 1 (Sw. *Kompletterande redovisningsregler för koncerner*) and the Annual Accounts Act. The financial information for the financial year ending 31 December 2013 has been compiled in accordance with the Swedish Annual Accounts Act (Sw. *årsredovisningslagen*, SFS 1995:1554) and the general recommendations of the Swedish Accounting Standards Board (Sw. *Bokföringsnämnden* ("BFN")) and FAR.

The Company's consolidated annual reports for the financial years 2013 and 2014 have been incorporated in this Prospectus by reference. The consolidated annual reports has been audited by the Company's auditor, at the time, and the auditor's report has been incorporated in this Prospectus through the consolidated annual reports for the financial years 2013 and 2014 by reference.

The Company's consolidated interim report for the financial period ended 30 September 2015 has been incorporated in this Prospectus by reference. The interim report has not been audited or reviewed by the Company's auditor.

Financial information for the Guarantors, for the period for which financial information is being presented, are included in West Atlantic's consolidated annual reports for the financial years ended 31 December 2013 and 31 December 2014 respectively and West Atlantic's consolidated interim report for the financial period ended 30 September 2015, all of which are incorporated into this Prospectus by reference.

In this Prospectus the following documents are incorporated by reference. The documents have been made public and have been handed in to the Swedish Financial Supervisory Authority.

Reference	Document	Page
Financial information regarding West Atlantic and its business for the financial year ended 31 December 2013	West Atlantic's consolidated annual report for the financial year ended 31 December 2013	pp. 1–5 (administration report), p. 6 (Group's consolidated income statement), pp. 7–8 (Group's consolidated balance sheet), p. 9 (Group's consolidated cash flow statement) and pp. 14–28 (comments and notes to the annual accounts).
Auditor's report for the financial year ended 31 December 2013	West Atlantic's consolidated annual report for the financial year ended 31 December 2013	pp. 29–30

Financial information regarding West Atlantic and its business for the financial year ended 31 December 2014	West Atlantic's consolidated annual report for the financial year ended 31 December 2014	pp. 12–15 (administration report), p. 16 (Group's consolidated income statement), pp. 17–18 (Group's consolidated statement of financial position), p. 18 (Group's consolidated statement of changes in equity), p. 19 (Group's consolidated cash flow statement) and pp. 20–33 (comments and notes to the annual accounts).
Auditor's report for the financial year ended 31 December 2014	West Atlantic's consolidated annual report for the financial year ended 31 December 2014	p. 47
Financial information regarding West Atlantic and its business for the financial period ended 30 September 2015	West Atlantic's consolidated interim report for the financial period ended 30 September 2015	p. 1 (financial information & key figures), p. 4 (material events during the period), pp. 6 (Group's consolidated income statement), p. 7 (Group's consolidated statement of financial position), p. 7 (Group's consolidated statement of changes in equity), p. 8 (Group's consolidated cash flow statement) and pp. 9–10. (comments and notes to the interim report).

Investors should read all information which is incorporated in the Prospectus by reference. Information in the above documents which is not incorporated by reference is either deemed by the Company not to be relevant for investors in the Bonds or is covered elsewhere in the Prospectus. The documents can be obtained in paper format at the Company's head office and are also available at the Company's web page, www.westatlantic.eu.

Documents available for inspection

Copies of the following documents can be obtained from the Company in paper format during the validity period of this Prospectus at the Company's head office and are also available at the Company's web page, www.westatlantic.eu:

- The articles of association of the Company
- The articles of association of the Guarantors
- Terms and Conditions
- Guarantee Agreement
- Annual reports for the subsidiaries (including the Guarantors) concerning the financial years 2013 and 2014
- All documents which – by reference – are a part of this Prospectus

Terms and Conditions for the Bonds

**TERMS AND CONDITIONS FOR
WEST ATLANTIC AB (PUBL)
MAXIMUM SEK 1,350,000,000
SENIOR SECURED CALLABLE FIXED RATE
BONDS 2015/2019**

ISIN: SE0007783840

Issue Date: 21 December 2015

The distribution of this document and the private placement of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required to inform themselves about, and to observe, such restrictions.

The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and are subject to U.S. tax law requirements. The Bonds may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, U.S. persons.

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**TERMS AND CONDITIONS FOR
WEST ATLANTIC AB (PUBL)
MAXIMUM SEK 1,350,000,000
SENIOR SECURED CALLABLE FIXED RATE
BONDS 2015/2019
ISIN: SE0007783840**

1. Definitions and construction

1.1 Definitions

In these terms and conditions (the “**Terms and Conditions**”):

“**Account Operator**” means a bank or other party duly authorised to operate as an account operator pursuant to the Financial Instruments Accounts Act and through which a Holder has opened a Securities Account in respect of its Bonds.

“**Accounting Principles**” means the international financial reporting standards (IFRS) within the meaning of Regulation 1606/2002/EC (or as otherwise adopted or amended from time to time).

“**Additional Aircraft**” means any aircraft acquired (and to be owned) by WAAM by use of Net Proceeds or an aircraft which has been acquired for funds raised through a Subsequent Bond Issue, or through the Equity Contribution.

“**Additional Equity Injection**” means a cash injection of equity or Subordinated Loans (not being the Equity Contribution or equity or Subordinated Loans utilised in connection with an Equity Claw Back) and provided further that no Event of Default is outstanding or threatened.

“**Adjusted Nominal Amount**” means the total aggregate Nominal Amount of the Bonds outstanding at the relevant time less the Nominal Amount of all Bonds owned by the Issuer, a Group Company or an Affiliate of the Issuer or a Group Company, irrespective of whether such Person is directly registered as owner of such Bonds.

“**Advance Purchase Agreement**” means (a) an advance or deferred purchase agreement if the agreement is in respect of the supply of assets or services and payment in the normal course of business with credit periods which are normal for the relevant type of project contracts, or (b) any other trade credit incurred or provided in the ordinary course of business.

“**Affiliate**” means any Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purpose of this definition, “**control**” when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “**controlling**” and “**controlled**” have meanings correlative to the foregoing.

“**Aircraft-owning Company**” means a legal entity which main objective is to own and/or operate aircraft.

“**Aircraft Lease Pledge Agreement**” means the pledge agreement entered into between the relevant Group Companies and the Trustee on or about the First Issue Date regarding all Group Companies’ rights under any present or future aircraft leasing agreements entered into by any Group Company as lessor, which shall not be perfected unless and until an Event of Default has occurred.

“**Aircraft Pledge Agreement**” means the aircraft pledge agreements to be entered into by the Trustee and WAAM on or about the First Issue Date in respect of a first priority pledge regarding all Bond Pledged Aircraft, and any aircraft pledge agreement to be entered into thereafter according to the Terms and Conditions which constitutes Bond-related Aircraft, granted in favour of the Trustee and Holders (as represented by the Trustee).

“**Bank**” means Svenska Handelsbanken AB (publ) reg.no. 502007-7862, SE-106 70 Stockholm, Sweden, or any other reputable Swedish bank.

“**Bond**” means debt instruments (Sw. *skuldförbindelser*), each for the Nominal Amount and of the type set forth in Chapter 1 Section 3 of the Swedish Financial Instruments Accounts Act, issued by the Issuer under these Terms and Conditions.

“**Bond Issue**” means the issue of the Bonds on the First Issue Date, set forth in Clause 2.1.

“**Bond Pledged Aircraft**” means all aircrafts owned by WAAM at the First Issue Date, (including any New Aircrafts) that according to the Transaction Security are pledged to the Trustee on behalf of the Holders, as set out in Schedule 1.

“**Bond-related Aircraft**” means the Bond Pledged Aircraft, any Additional Aircraft, and any Swedish Unmortgaged Aircraft.

“**Business Day**” means a day in Sweden other than a Sunday or other public holiday. Saturdays, Midsummer Eve (Sw. *midsommarafton*), Christmas Eve (Sw. *julafton*) and New Year’s Eve (Sw. *nyårsafton*) shall for the purpose of this definition be deemed to be public holidays.

“**Business Day Convention**” means the first following day that is a Business Day.

“**Call Option Amount**” means:

- (a) 100.00 plus 50.00% of the Interest Rate of the Nominal Amount if the call option is exercised on or after the First Call Date up to (but not including) the date falling 30 months after the First Issue Date;
- (b) 100.00 plus 37.5% of the Interest Rate of the Nominal Amount if the call option is exercised on the date falling 30 months after the First Issue Date up to (but not including) the date falling 36 months after the First Issue Date;
- (c) 100.00 plus 25.00% of the Interest Rate of the Nominal Amount if the call option is exercised on the date falling 36 months after the First Issue Date up to (but not including) the date falling 42 months after the First Issue Date;

- (d) 100.00 plus 12.5% of the Interest Rate of the Nominal Amount if the call option is exercised on the date falling 42 months after the First Issue Date up to (but not including) the Final Redemption Date.

“Change of Control Event” means the occurrence of an event or series of events whereby one or more persons, acting together, acquire control over the Issuer and where **“control”** means (a) acquiring or controlling, directly or indirectly, more than 50.00 per cent. of the voting shares of the Issuer, or (b) the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer.

“Compliance Certificate” means a certificate, in form and substance satisfactory to the Trustee, signed by the Issuer certifying that so far as it is aware no Event of Default is continuing or, if it is aware that such event is continuing, specifying the event and steps, if any, being taken to remedy it. The Compliance Certificate shall include calculations and figures in respect of the ratio of Net Interest Bearing Debt to EBITDA and as regards the Incurrence Test the Compliance Certificate shall also include calculations and figures in respect of the Interest Coverage Ratio.

“Conditions Precedent for Disbursement” means all actions and documents set forth in Clause 13.

“CSD” means the Issuer’s central securities depository and registrar in respect of the Bonds from time to time; initially Euroclear Sweden AB (reg. no. 556112-8074, P.O. Box 191, SE-101 23 Stockholm, Sweden).

“Danish Securities Trading Act” means the Danish Securities Trading Act no. 831 dated 12 June 2014 (as amended from time to time).

“Deposit Account” means a bank account of the Issuer, into which the net proceeds from a disposal in accordance with Clause 12.5 (*Disposal of assets*), will be transferred and which has been pledged in favour of the Trustee and the Holders (represented by the Trustee) under the Deposit Account Pledge Agreement.

“Deposit Account Pledge Agreement” means the pledge agreement entered into between the Issuer and the Trustee on or about the First Issue Date in respect of a first priority pledge over the Deposit Account and all funds held on the Deposit Account from time to time, granted in favour of the Trustee and the Holders (represented by the Trustee).

“EBITDA” means, in respect of the Reference Period, the consolidated profit of the Group from ordinary activities according to the latest Financial Report(s):

- (a) before deducting any amount of tax on profits, gains or income paid or payable by any member of the Group;
- (b) before deducting any Net Finance Charges;
- (c) before taking into account any extraordinary items which are not in line with the ordinary course of business, and non-recurring items;
- (d) before taking into account any Transaction Costs and any transaction costs relating to any acquisition of any target company;

- (e) not including any accrued interest owing to any member of the Group;
- (f) before taking into account any unrealised gains or losses on any derivative instrument (other than any derivative instruments which is accounted for on a hedge account basis);
- (g) after adding back or deducting, as the case may be, the amount of any loss or gain against book value arising on a disposal of any asset (other than in the ordinary course of trading) and any loss or gain arising from an upward or downward revaluation of any asset;
- (h) after deducting the amount of any profit (or adding back the amount of any loss) of any member of the Group which is attributable to minority interests;
- (i) plus or minus the Group's share of the profits or losses of entities which are not part of the Group; and
- (j) after adding back any amount attributable to the amortisation, depreciation or depletion of assets of members of the Group.

“Equity Contribution” means the considered injection of SEK 100,000,000 in cash, in the form of equity (unconditional shareholder contribution, share issue or otherwise) or Subordinated Loans.

“Equity Listing Event” means an initial public offering of shares in the Issuer, after which such shares shall be admitted to trading on a regulated market or at a multilateral trading facility.

“Escrow Account” means a bank account of the Issuer, into which the Net Proceeds will be transferred and which has been pledged in favour of the Trustee and the Holders (represented by the Trustee) under the Escrow Account Pledge Agreement.

“Escrow Account Pledge Agreement” means the pledge agreement entered into between the Issuer and the Trustee on or about the First Issue Date in respect of a first priority pledge over the Escrow Account and all funds held on the Escrow Account from time to time, granted in favour of the Trustee and the Holders (represented by the Trustee).

“Event of Default” means an event or circumstance specified in Clause 15.1.

“Exchange Offer” has the meaning set forth in Clause 2.1.

“Existing Bond” means the maximum SEK 700,000,000 senior secured bonds 2013/2018, issued by the Issuer for the holders thereunder (the **“Existing Bondholders”**), with ISIN SE0005133360 and the total outstanding nominal amount of SEK 500,000,000, which shall be prepaid in full and/or rolled-over into Bonds (as applicable) in connection with the Bond Issue.

“Existing Bondholders’ Roll-Over” means the Existing Bond which in accordance with the Existing Bondholders’ acceptance of the Existing Bondholders’ roll-over shall be used as payment for the Bonds in the Bond Issue (in kind) (**“Roll-Over Bonds”**). Applicants delivering Roll-Over Bonds will receive accrued but unpaid interest on the Roll-Over Bonds

up until the applicable early redemption date for the Roll-Over Bonds together with any applicable early call premium payable on the Roll-Over Bonds, in cash on or about the applicable early redemption date for the Roll-Over Bonds.

“Existing Bond Security” means all security provided in relation to the Existing Bond.

“Externally Funded Aircraft” has the meaning set forth in Clause 12.15.

“Final Redemption Date” means 21 December 2019.

“Finance Charges” means, for the Reference Period, the aggregate amount of the accrued interest, commission, fees, discounts, payment fees, premiums or charges and other finance payments in respect of Financial Indebtedness whether paid, payable or capitalised by any member of the Group according to the latest Financial Report(s) (calculated on a consolidated basis) other than Transaction Costs, capitalised interest in respect of any loan owing to any member of the Group or any Subordinated Loan, lease expenses related to Leased Aircraft, and taking no account of any unrealised gains or losses on any derivative instruments other than any derivative instrument which are accounted for on a hedge accounting basis.

“Finance Documents” means the Terms and Conditions, the Trustee Agreement, the Security Documents, the Guarantees and any other document designated to be a Finance Document by the Issuer and the Trustee.

“Financial Indebtedness” means any indebtedness in respect of:

- (a) monies borrowed or raised, including Market Loans;
- (b) the amount of any liability in respect of any finance leases, to the extent the arrangement is treated as a finance lease in accordance with the accounting principles applicable on the First Issue Date (a lease which in the accounts of the Group is treated as an asset and a corresponding liability);
- (c) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (d) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (e) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the mark to market value shall be taken into account, provided that if any actual amount is due as a result of a termination or a close-out, such amount shall be used instead);
- (f) any counter indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (g) (without double counting) any guarantee or other assurance against financial loss in respect of a type referred to in the above items (a)-(f).

“**Financial Instruments Accounts Act**” means the Swedish Financial Instruments Accounts Act (Sw. *lag (1998:1479) om kontoföring av finansiella instrument*).

“**Financial Report**” means the Group’s and the Issuer’s annual audited financial statements and quarterly interim unaudited reports, which shall be prepared and made available according to 12.11 (a) and (b).

“**First Call Date**” means the date falling 24 months after the First Issue Date or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention.

“**First Issue Date**” means the expected issue date 21 December 2015. Notice is expected to be given to subscribers at least two (2) Business Days prior to the First Issue Date.

“**Force Majeure Event**” has the meaning set forth in Clause 27.1.

“**Group**” means the Issuer and all Subsidiaries from time to time and “**Group Company**” means the Issuer or any of the Subsidiaries.

“**Guarantees**” has the meaning set forth in Clause 5.2

“**Guarantors**” means West Atlantic Aircraft Management AB, reg. no. 556609-4800 (“**WAAM**”) and West Atlantic Sweden AB reg. no. 556062-4420, (each a “**Guarantor**”).

“**Guaranteed Obligations**” means all present and future obligations and liabilities of the Issuer and/or the Group to the Holders and the Trustee (or any of them) under each Finance Document, together with all costs, charges and expenses incurred by any Holder or the Trustee in connection with the protection, preservation or enforcement of its respective rights under the Finance Documents, or any other document evidencing such liabilities.

“**Handelsbanken Loan 1**” means the loan from the Bank of maximum 2,360,000 USD of which the Group is permitted to amortise, repay and refinance, provided that it is made only with cash flow derived from the pledged SBH Aircraft. The Group is furthermore permitted to repay this debt with proceeds derived from other cash flows, provided that the SHB Aircraft becomes a Transaction Security.

“**Handelsbanken Loan 2**” means the loan from the Bank of maximum SEK 40,000,000 whereby the net outstanding debt at any time is permitted to be refinanced and constitutes a Permitted Debt, however any repayment made may not be draw down again.

“**Holder**” means the Person who is registered on a Securities Account as direct registered owner (Sw. *ägare*) or nominee (Sw. *förvaltare*) with respect to a Bond.

“**Holders’ Meeting**” means a meeting among the Holders held in accordance with Clause 18 (*Holders’ Meeting*).

“**ICAO Contracting State**” means a state which has adhered to the Chicago Convention on International Civil Aviation.

“**Incurrence Test**” the Incurrence Test is met if:

- (a) the ratio of Net Interest Bearing Debt to EBITDA is not greater than:

- (i) 4.25 during the year 2015 and 2016;
- (ii) 4.00 during the year 2017;
- (iii) 3.75 during the years 2018-2019; and
- (b) the Interest Coverage Ratio exceeds 2.50; and
- (c) no Event of Default is continuing or would occur upon the incurrence

calculated in accordance with Testing of Incurrence Test.

“Initial Nominal Amount” has the meaning set forth in Clause 2.1.

“Interest” means the interest on the Bonds calculated in accordance with Clause 10.1–10.4.

“Interest Coverage Ratio” means the ratio of EBITDA to Net Finance Charges.

“Interest Payment Date” means 21 June and 21 December each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention (with the first Interest Payment Date on 21 June 2016 and the last Interest Payment Date being the Final Redemption Date).

“Interest Period” means each period beginning on (but excluding) the First Issue Date or any Interest Payment Date and ending on (and including) the next succeeding Interest Payment Date (or a shorter period if relevant) and, in respect of any Subsequent Bond, each period beginning on (but excluding) the Interest Payment Date falling immediately prior to its issuance and ending on (and including) the next succeeding Interest Payment Date (or a shorter period if relevant), in no case adjusted due to an application of the Business Day Convention.

“Interest Rate” means the fixed interest of 6.50 per cent. per annum, paid semi-annually and adjusted for the potential Interest Rate Step Up, as applicable.

“Interest Rate Step Up” means that if the Equity Contribution has not occurred on or before the first Interest Payment Date, the Interest Rate will increase by 50 basis points (from but excluding the first Interest Payment Date up to and including the relevant redemption date).

“Investment Programme” means, in no particular order of priority, the (i) purchase of Additional Aircraft, (ii) purchase of Leased Aircraft, (iii) acquisition of Aircraft-owning Companies and (iv) strengthening of the liquidity within the Group.

“Issuer” means West Atlantic AB (publ) (reg. no. 556503-6083, P.O. Box 5433, SE-402 29 Gothenburg, Sweden).

“Issuing Agent” means Pareto Securities AB (reg. no. 556206-8956, P.O. Box 7415, SE-103 91 Stockholm, Sweden) or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

“Issue Date” means the First Issue Date and any subsequent date when issuance of Subsequent Bonds takes place.

“Leased Aircraft” means any Group Company’s leased aircraft (where the Group Company is the lessee), and which shall (i) if such leased aircraft is acquired by any Group Company, be pledged to the Trustee on behalf of the Holders (and thereby becomes an Additional Aircraft), provided that such aircraft does not constitute an Externally Funded Aircraft (not including any aircraft financed through the Equity Contribution), and (ii) where the applicable Group Company may not, in case of an Event of Default, terminate any lease over a Leased Aircraft without the prior approval from the Trustee.

“Maintenance Test” it met if:

the ratio of Net Interest Bearing Debt to EBITDA is not greater than:

- (i) 6.00 during the year 2015 and 2016;
- (ii) 5.75 during the year 2017;
- (iii) 5.50 during the years 2018-2019.

“Make Whole Amount” means

- (a) the present value on the relevant record date of 103.25% of the Nominal Amount as if such payment originally should have taken place on the First Call Date; and
- (b) the present value on the relevant record date of the remaining coupon payments, less any accrued but unpaid Interest, through and including the First Call Date,

both calculated by using a discount rate of 50 basis points over the comparable Swedish Government Bond Rate (i.e. comparable to the remaining duration of the Bonds until the mentioned date falling on the First Call Date) and where “relevant record date” shall mean a date agreed upon between the Trustee, the CSD and the Issuer in connection with such repayment.

“Market Loan” means any loan or other indebtedness where an entity issues commercial paper, certificates, subordinated debentures, bonds or any other debt securities (including, for the avoidance of doubt, medium term note programmes and other market funding programmes), provided in each case that such instruments and securities are or can be subject to trade on Nasdaq Stockholm or any other regulated or unregulated recognised market place.

“Material Adverse Effect” means a material adverse effect on (a) the business, financial condition or operations of the Group taken as a whole, (b) the Issuer’s (or the Guarantors’ if applicable) ability to perform and comply with its payment and the undertakings set out in Clause 12 (*Special Undertakings*), or (c) the validity or enforceability of the Finance Documents.

“Material Group Company” means the Issuer or a Subsidiary representing more than 10.00% of the total assets or EBITDA of the Group on a consolidated basis according to the latest Financial Report.

“**Nasdaq Stockholm**” means the Regulated Market of NASDAQ OMX Stockholm AB (reg. no 556420-8394, SE-105 78 Stockholm, Sweden).

“**Net Finance Charges**” means, for the Reference Period, the Finance Charges according to the latest Financial Report(s), after deducting any interest payable for that Reference Period to any member of the Group and any interest income relating to cash or cash equivalent investment (and excluding any interest capitalised on Subordinated Loans).

“**Net Interest Bearing Debt**” means the aggregate interest bearing debt less cash and cash equivalents of the Group in accordance with the applicable accounting principles of the Group from time to time (for the avoidance of doubt, excluding guarantees, leases related to Leased Aircraft, bank guarantees, Subordinated Loans and interest bearing debt borrowed from any Group Company).

“**Net Proceeds**” means the proceeds from the Bond Issue after deduction has been made for the Transaction Costs payable by the Issuer to the Sole Bookrunner (if the Sole Bookrunner has requested that their respective fees and costs shall be deducted) and the Issuing Agent for the services provided in relation to the placement and issuance of the Bonds.

“**New Aircraft**” means the intended purchase of new aircraft in an approximate investment amount of SEK 150,000,000, which shall be financed in full in accordance with the Clause 4.2 (*Use of Proceeds*).

“**Nominal Amount**” has the meaning set forth in Clause 2.1.

“**Original IFRS**” means IFRS as applied by the Group on the First Issue Date.

“**Person**” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organisation, government, or any agency or political subdivision thereof or any other entity, whether or not having a separate legal personality.

“**Permitted Debt**” means any Financial Indebtedness:

- (a) incurred under the Bonds (excluding Subsequent Bonds);
- (b) taken up from a Group Company;
- (c) incurred in connection with the redemption of the Bonds in order to fully refinance the Bonds and provided further that such Financial Indebtedness is subject to an escrow arrangement up until the final repayment of the Bonds;
- (d) of the Group incurred pursuant to any financial leasing arrangements incurred in the ordinary course of the Group’s business in a maximum amount of SEK 15,000,000 (excluding in relation to Leased Aircraft);
- (e) of the Group incurred pursuant to any financial leasing agreements related to Leased Aircraft in the maximum amount of SEK 160,000,000 (plus any Additional Equity Injection);
- (f) incurred under Handelsbanken Loan 1;

- (g) incurred under Handelsbanken Loan 2;
- (h) of the Group under any guarantee issued by a Group Company for the obligations of any Group Company, in the ordinary course of business;
- (i) arising under a foreign exchange transaction or commodity derivatives for spot or forward delivery entered into in connection with protection against fluctuation in currency rates or prices where the exposure arises in the ordinary course of business or in respect of payments to be made under the Terms and Conditions, but not any transaction for investment or speculative purposes;
- (j) arising under any interest rate hedging transactions in respect of payments to be made under the Terms and Conditions, but not any transaction for investment or speculative purposes;
- (k) related to any Subordinated Loans;
- (l) incurred under Advance Purchase Agreements;
- (m) incurred under any counter-indemnity obligation and in the ordinary course of business;
- (n) incurred as a result of any Group Company acquiring another entity and which is due to that such acquired entity holds indebtedness, provided that the Incurrence Test is met, tested *pro forma* including the acquired entity in question and provided that the acquired debt is converted into equity or refinanced by the Issuer by way of Subsequent Bonds, within six (6) months following the date of acquisition provided however that such Subsequent Bond Issue can be issued at par or better, and if not, the Group Company has an obligation to procure that the conversion or refinancing will occur as soon as practically possible upon the occurrence of such market conditions;
- (o) incurred by any Group Company if such Financial Indebtedness meets the Incurrence Test tested *pro forma* including such incurrence, and (i) is incurred as a result of a Subsequent Bond Issue by the Issuer under the Terms and Conditions, or (ii) ranks *pari passu* or is subordinated to the obligations of the Issuer under the Finance Documents, and has a final maturity date or a final redemption date or, when applicable, early redemption dates or instalment dates which occur after the Final Redemption Date; and
- (p) incurred under any working capital facility provided for the general corporate purposes of the Group in the maximum amount of SEK 75,000,000 (the “**Working Capital Facility**”).

“**Permitted Security**” means any security or guarantee:

- (a) granted under the Finance Documents;
- (b) relating to any financial leasing set out in paragraph (d) in the definition of Permitted Debt or relating to any operational leasing;

- (c) arising by operation of law or in the ordinary course of business (including collateral or retention of title arrangements in connection with Advance Purchase Agreements but, for the avoidance of doubt, not including guarantees or security in respect of any monies borrowed or raised);
- (d) provided in relation to Handelsbanken Loan 1 and constituting an aircraft mortgage (Sw. *luftfartygsinteckning*) in the aircraft CRJ msn 7023 (“**SHB Aircraft**”);
- (e) arising under any netting or set off arrangements under financial derivatives transactions or bank account arrangements, including group cash pool arrangements;
- (f) provided for foreign exchange transactions or interest rate hedging transactions set out in paragraph (i) and (j) of the definition Permitted Debt;
- (g) provided for any guarantees issued by a Group Company in the ordinary course of business;
- (h) provided in relation to any counter-indemnity obligation and in the ordinary course of business as set out in paragraph (m) in the definition of Permitted Debt;
- (i) provided in relation to any Group Company’s rentals or any lease arrangement relating to a full aircraft classified as operational or financial under Original IFRS, provided that such security is granted only in the leased asset in question;
- (j) in relation to indebtedness held by an entity acquired by a Group Company existing at the time of the acquisition (however not to be prolonged or renewed), as set out in paragraph (n) in the definition of Permitted Debt; and
- (k) provided for the Working Capital Facility, set out in paragraph (p) in the definition of Permitted Debt.

“**Record Date**” means the fifth (5th) Business Day prior to (a) an Interest Payment Date, (b) a Redemption Date, (c) a date on which a payment to the Holders is to be made under Clause 16 (*Distribution of proceeds*), (d) the date of a Holders’ Meeting, or (e) another relevant date, or in each case such other Business Day falling prior to a relevant date if generally applicable on the Swedish bond market.

“**Redemption Date**” means the date on which the relevant Bonds are to be redeemed or repurchased in accordance with Clause 11 (*Redemption, repurchase and prepayment of the Bonds*).

“**Reference Period**” means each period of 12 consecutive calendar months.

“**Regulated Market**” means any regulated market (as defined in Directive 2004/39/EC on markets in financial instruments).

“**Restricted Payment**” has the meaning set forth in Clause 12.1.

“Securities Account” means the account for dematerialised securities maintained by the CSD pursuant to the Financial Instruments Accounts Act in which (a) an owner of such security is directly registered or (b) an owner’s holding of securities is registered in the name of a nominee.

“Security Documents” means the security documents pursuant to which the Transaction Security is created and any other document designated as a security document by the Issuer and the Trustee.

“Share Pledge Agreements” means the pledge agreement entered into by the Issuer and the Trustee (on behalf of itself and the Holders) on or about the First Issue Date in respect of a first priority pledge of all shares in WAAM, granted in favour of the Trustee and the Holders (represented by the Trustee).

“Sole Bookrunner” means Pareto Securities Oy (reg.no. 2045188-8, Aleksanterinkatu 44, 00100 Helsinki, Finland) and Pareto Securities AB (reg. no. 556206-8956, P.O. Box 7415, SE-103 91 Stockholm, Sweden), jointly referred to as Sole Bookrunner.

“Subordinated Loans” means any loan of the Issuer or any of its Subsidiaries, where the Issuer or the relevant Subsidiary is the debtor, if such loan (a) according to its terms and pursuant to a subordination agreement on terms and conditions satisfactory to the Trustee, is subordinated to the obligations of the Issuer under the Terms and Conditions, (b) according to its terms have a final redemption date or, when applicable, early redemption dates or instalment dates which occur after the Final Redemption Date, and (c) according to its terms yield only payment-in-kind interest.

“Subsequent Bond” means any Bond issued after the First Issue Date on one or more occasions.

“Subsequent Bond Issue” means any issue of Subsequent Bonds as set forth in Clause 2.2.

“Subsidiary” means an entity from time to time of which a person:

- (a) has direct or indirect control; or
- (b) owns directly or indirectly more than fifty (50) per cent of the share capital or other right of ownership.

“Swedish Government Bond Rate” means the yield to maturity at the time of computation of direct obligations of Sweden, acting through the Swedish National Debt Office (a Swedish Government Bond; Sw. *statsobligation*) with a constant maturity (such yield to be the weekly average yield as officially compiled and published in the most recent financial statistics that has become publicly available at least two Business Days (but not more than five Business Days) prior to the relevant Record Date for the redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected by the Issuer in good faith)) most nearly equal to the period from the redemption date to the First Call Date; provided, however, that if the period from the redemption date to the First Call Date is not equal to the constant maturity of a direct obligation of Sweden, acting through the Swedish National Debt Office for which a weekly average yield is given, the Swedish Government Bond Rate shall be obtained by linear

interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of Sweden, acting through the Swedish National Debt Office, for which such yields are given, except that if the period from such redemption date to the First Call Date is less than one year, the weekly average yield on actually traded direct obligations of Sweden, acting through the Swedish National Debt Office, adjusted to a constant maturity of one year shall be used.

“**Swedish Unmortgaged Aircraft**” means the aircrafts which, as of the First Issue Date, are owned by a Group Company and registered in Sweden but which have not been mortgaged (Sw. *intecknat*), as set out in Schedule 1.

“**Testing of Incurrence Test**” The calculation of the ratio of Net Interest Bearing Debt to EBITDA shall be made as per a testing date (the “**Testing Date**”) determined by the Issuer, falling no more than two months prior to the incurrence of a Subsequent Bond Issue, a Restricted Payment, a Permitted Debt or a Disposal of assets (that requires that the Incurrence Test is met).

The Net Interest Bearing Debt shall be measured on the Testing Date so determined, calculated *pro forma* including the new Financial Indebtedness provided it is an interest bearing obligation (however, any cash balance resulting from the incurrence of the new Financial Indebtedness shall not reduce the Net Interest Bearing Debt). EBITDA shall be calculated as set out below.

When the Interest Coverage Ratio is measured under the Incurrence Test, as applicable, the calculation of the Interest Coverage Ratio shall be made for the Reference Period ending on the last day of the period covered by the most recent Financial Report.

Adjustments EBITDA, Finance Charges and Net Finance Charges

The figures for EBITDA, Finance Charges and Net Finance Charges for the Reference Period ending on the last day of the period covered by the most recent Financial Report shall be used for the Incurrence Test, but adjusted:

- (a) so that any Aircraft-owning Company acquired or disposed of by the Group during the Reference Period, or after the end of the Reference Period but before the Testing Date, shall be included or excluded (as applicable), *pro forma*, for the entire Reference Period; and
- (b) so that any Aircraft-owning Company to be acquired with the proceeds from new Financial Indebtedness shall be included, *pro forma*, for the entire Reference Period.

Adjustments Net Interest Bearing Debt

The figures for Net Interest Bearing Debt shall be adjusted so that the Net Interest Bearing Debt as per the Testing Date is:

- (a) reduced to reflect any Net Interest Bearing Debt attributable to a disposed Aircraft-owning Company or which has been repaid, repurchased or otherwise discharged as a result of or in connection with a disposal of an Aircraft-owning

Company (to the extent such Net Interest Bearing Debt is included as per the Testing Date);

- (b) increased on a *pro forma* basis by an amount equal to the Net Interest Bearing Debt directly attributable to (i) any Financial Indebtedness owed by an acquired Aircraft-owning Company, and (ii) any Financial Indebtedness incurred to finance the acquisition of an Aircraft-owning Company after the Testing Date, in each case calculated as if all such debt had been incurred at the Testing Date; and
- (c) increased on a *pro forma* basis by an amount equal to the Net Interest Bearing Debt directly attributable to any Financial Indebtedness incurred under any Subsequent Bonds after the Testing Date, calculated as if such debt had been incurred at the Testing Date.

“Transaction Costs” means all fees, costs and expenses, stamp, registration and other taxes incurred by the Issuer or any other member of the Group in connection with (i) the Bond Issue (ii) any Subsequent Bond Issue, (iii) the listing of the Bonds and (iv) any attempt of an Equity Listing Event.

“Transaction Security” means the Aircraft Pledge Agreements, the, Escrow Account Pledge Agreement, Deposit Account Pledge Agreement, the Aircraft Lease Pledge Agreement, the Share Pledge Agreement and any other pledge agreement entered into by a Group Company under these Terms and Conditions.

“Trustee” means the Holders’ agent and security agent under these Terms and Conditions and, if relevant, the other Finance Documents, from time to time; initially Nordic Trustee & Agency AB (publ), reg.no. 556882-1879, P.O. Box 7329 SE-103 90 Stockholm.

“Trustee Agreement” means the fee agreement entered into on or about the First Issue Date between the Issuer and the Trustee, or any replacement agent agreement entered into after the First Issue Date between the Issuer and a trustee.

“Working Capital Facility” means the working capital facility set out in Permitted Debt (p).

“Written Procedure” means the written or electronic procedure for decision making among the Holders in accordance with Clause 19 (*Written Procedure*).

1.2 CONSTRUCTION

1.2.1 Unless a contrary indication appears, any reference in these Terms and Conditions to:

- (a) **“assets”** includes present and future properties, revenues and rights of every description;
- (b) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;

- (c) a “**regulation**” includes any regulation, rule or official directive (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency or department;
- (d) an Event of Default is continuing if it has not been remedied or waived;
- (e) an “**enforcement**” of a Guarantee means making a demand for payment under a Guarantee;
- (f) a provision of law is a reference to that provision as amended or re-enacted; and
- (g) a time of day is a reference to Stockholm time.

1.2.2 When ascertaining whether a limit or threshold specified in SEK has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against SEK for the previous Business Day, as published by the Swedish Central Bank (Sw. *Riksbanken*) on its website (www.riksbank.se). If no such rate is available, the most recently published rate shall be used instead.

1.2.3 A notice shall be deemed to be sent by way of press release if it is made available to the public within Sweden promptly and in a non-discriminatory manner.

1.2.4 No delay or omission of the Trustee or of any Holder to exercise any right or remedy under these Terms and Conditions shall impair or operate as a waiver of any such right or remedy.

2. THE AMOUNT OF THE BONDS AND UNDERTAKING TO MAKE PAYMENTS

2.1 The bond loan will be represented by Bonds, each of an initial nominal amount of SEK 1,000,000 or full multiples thereof (the “**Initial Nominal Amount**”). The nominal amount of each Bond will be the Initial Nominal Amount, less the aggregate amount by which each Bond has been redeemed, repurchased or prepaid in part pursuant to Clause 11 (*Redemption, repurchase and prepayment of the Bonds*) (the “**Nominal Amount**”). The maximum nominal amount of Bonds issued on the First Issue Date is SEK 850,000,000 (the “**Bond Issue**”). All Bonds in the Bond Issue are issued on a fully paid basis at an issue price of 100.00 per cent. of the Nominal Amount. Bonds may be paid for in kind by delivery of Existing Bonds, subject to subscriptions from Existing Bondholders in accordance with the Existing Bondholders’ Roll-Over, to be specified in the application form relating to the Bond Issue (the “**Exchange Offer**”). The ISIN for the Bonds is SE0007783840. The minimum permissible investment in connection with the Bond Issue is SEK 1,000,000.

2.2 The Issuer may at one or more occasions issue additional Bonds amounting to SEK 500,000,000 in aggregate (together with the Bond Issue, in total SEK 1,350,000,000), each a “**Subsequent Bond**”, provided that the Issuer meets the Incurrence Test. Additional Bonds shall be issued subject to the Terms and Conditions and, for the avoidance of doubt, the ISIN, the interest rate, the nominal amount and the final maturity applicable to the initial Bonds shall apply also to additional Bonds. The price of additional Bonds may be set at a discount or at a higher price than the Nominal Amount.

2.3 The Issuer undertakes to repay the Bonds, to pay Interest and to otherwise act in accordance and comply with these Terms and Conditions.

2.4 The Bonds are denominated in SEK and each Bond is constituted by these Terms and Conditions.

2.5 By subscribing for Bonds, each initial Holder agrees that the Bonds shall benefit from and be subject to the Finance Documents and by acquiring Bonds each subsequent Holder confirms such agreements.

3. STATUS OF THE BONDS

The Bonds constitute direct, general, unconditional, unsubordinated and secured obligations of the Issuer and shall at all times rank at least *pari passu* with all direct, general unconditional, unsubordinated and unsecured obligations of the Issuer, except those obligations which are mandatorily preferred by law, and without any preference among them. The Bonds are secured by the security granted under the Security Documents.

4. USE OF PROCEEDS

4.1 The Issuer shall establish the Escrow Account prior to the First Issue Date. The Net Proceeds shall be transferred by the Issuing Agent to the Escrow Account on or about the First Issue Date. For the purpose of securing that the Conditions Precedent for Disbursement have been fulfilled before the disbursements of the Net Proceeds from the Escrow Account is made to the Issuer, the Escrow Account will be pledged in favour of the Trustee and the Holders (represented by the Trustee).

4.2 Upon fulfilment of the Conditions Precedent for Disbursement, the Net Proceeds standing to the credit of the Escrow Account shall be transferred to be used (i) to refinance the Existing Bond in full (excluding any Roll-Over Bonds which shall be prepaid in full with Bonds in the Exchange Offer) (including, without limitation, any costs and expenses incurred by the trustee under the Existing Bonds), (ii) to finance the purchase of any New Aircraft, (iii) to finance the Investment Programme and (iv) for general corporate purposes of the Group. The net proceeds from any Subsequent Bond Issue may be allocated towards any purpose deemed appropriate by the management of the Group.

5. SECURITY AND GUARANTEES

5.1 As continuing security for the due and punctual fulfilment of the Issuer's obligations under the Finance Documents, the Issuer shall:

- (a) pledge to the Trustee and the Holders (as represented by the Trustee) a first ranking security over all shares in WAAM from time to time in accordance with the Share Pledge Agreement;
- (b) pledge to the Trustee and Holders (as represented by the Trustee) a first ranking security over the Escrow Account pursuant to the Escrow Account Pledge Agreement;
- (c) pledge to the Trustee and the Holders (represented by the Trustee) a first ranking security over the Deposit Account pursuant to the Deposit Account Pledge Agreement;

- (d) pledge to the Trustee and the Holders (as represented by the Trustee) a first ranking security over all rights under all present and future aircraft leasing agreements entered into by a Group Company as lessor pursuant to the Aircraft Lease Pledge Agreement. The pledges over the aircraft leasing agreements shall not be perfected unless and until an Event of Default has occurred;
- (e) pledge to the Trustee and the Holders (as represented by the Trustee) a first ranking security over all Bond Pledged Aircraft pursuant to the Aircraft Pledge Agreements; and
- (f) pledge to the Trustee and the Holders (as represented by the Trustee) a first ranking security regarding the assets set forth in Clause 12.15, when and if applicable.

- 5.2 Each Guarantor shall unconditionally and irrevocably, jointly and severally, guarantee to each Holder and the Trustee, as represented by the Trustee, as for its own debts (Sw. *såsom för egen skuld*) the full and punctual payment by the Issuer of the Guaranteed Obligations (the “**Guarantees**”). The obligations and liabilities of the guarantee issued by each Guarantor under the Guarantee shall be limited if required (but only if and to the extent required) under any applicable law or regulation in the respective jurisdiction in which each of the Guarantors are incorporated.
- 5.3 The Issuer shall ensure that the Security Documents, the Guarantees and all documents relating thereto are duly executed (in favour of the Trustee and the Holders (as represented by the Trustee), if applicable) and that such documents are legally valid, perfected, enforceable and in full force and effect according to their terms. The Issuer shall execute and/or procure the execution of such further documentation as the Trustee may reasonably require in order for the Holders and the Trustee to at all times maintain the security position and the guarantee position envisaged hereunder.
- 5.4 Except if otherwise decided by the Holders according to the procedures set out in Clauses 17 (*Decisions by Holders*), 18 (*Holders’ Meeting*) and 19 (*Written Procedure*), the Trustee is, without first having to obtain the Holders’ consent, entitled to enter into binding agreements with the Group Companies or third parties if it is, in the Trustee’s sole discretion, necessary for the purpose of establishing, maintaining, altering, releasing or enforcing the security created (or to be created) under the Security Documents or the Guarantees or for the purpose of settling the various Holders’ relative rights to the security created under the Security Documents or the Guarantees, respectively. The Trustee is entitled to take all measures available to it according to the Security Documents and the Guarantees.
- 5.5 If the Bonds are declared due and payable according to Clause 15 (*Termination of the Bonds*) or following the Final Redemption Date, the Trustee is, without first having to obtain the Holders’ consent, entitled to enforce the security created under the Security Documents and entitled to enforce the Guarantees, in such manner and under such conditions that the Trustee finds acceptable (if in accordance with the Security Documents, and if in accordance with the Guarantees, respectively).

- 5.6 If a Holders' meeting has been convened, or a Written Procedure instigated, to decide on the termination of the Bonds and/or the enforcement of all or any of the security created under all or any of the Security Documents/on the enforcement of all or any of the Guarantees, the Trustee is obligated to take actions in accordance with the Holders' decision regarding the security created under the Security Documents and regarding the Guarantees. However, if the Bonds are not terminated due to that the cause for termination has ceased or due to any other circumstance mentioned in these Terms and Conditions, the Trustee shall not enforce any of the security created under the Security Documents or the Guarantees. If the Holders, without any prior initiative from the Trustee or the Issuer, have made a decision regarding termination of the Bonds and enforcement of any of the security created under the Security Documents or enforcement of any of the Guarantees in accordance with the procedures set out in Clauses 17 (*Decisions by Holders*), 18 (*Holders' Meeting*) and 19 (*Written Procedure*), the Trustee shall promptly declare the Bonds terminated and enforce the security created under the Security Documents/enforce the Guarantees. The Trustee is however not liable to take action if the Trustee considers cause for termination and/or acceleration not to be at hand, unless the instructing Holders in writing commit to holding the Trustee indemnified and, at the Trustee's own discretion, grant sufficient security for the obligation.
- 5.7 Funds that the Trustee receives (directly or indirectly) on behalf of the Holders in connection with the enforcement of any or all of the security created under the Security Documents/enforcement of any or all of the Guarantees, constitute escrow funds (Sw. *redovisningsmedel*) according to the Escrow Funds Act (Sw. *lag (1944:181) om redovisningsmedel*) and must be held on a separate account on behalf of the Holders. The Trustee shall promptly arrange for payments of such funds in accordance with Clause 16 (*Distribution of proceeds*) as soon as reasonably practicable. If the Trustee deems it appropriate, it may, in accordance with Clause 5.8, instruct the CSD to arrange for payment to the Holders.
- 5.8 For the purpose of exercising the rights of the Holders and the Trustee under these Terms and Conditions and for the purpose of distributing any funds originating from the enforcement of any security created under the Security Documents or enforcement of any Guarantees, the Issuer irrevocably authorises and empowers the Trustee to act in the name of the Issuer, and on behalf of the Issuer, to instruct the CSD to arrange for payment to the Holders in accordance with Clause 5.7. To the extent permissible by law, the powers set out in this Clause 5.8 are irrevocable and shall be valid for as long as any Bonds remain outstanding. The Issuer shall immediately upon request by the Trustee provide the Trustee with any such documents, including a written power of attorney (in form and substance to the Trustee's satisfaction), which the Trustee deems necessary for the purpose of carrying out its duties under Clause 5.7 (including as required by the CSD in order for the CSD to accept such payment instructions). Especially, the Issuer shall, upon the Trustee's request, provide the Trustee with a written power of attorney empowering the Trustee to change the bank account registered with the CSD to a bank account in the name of the Trustee and to instruct the CSD to pay out funds originating from an enforcement in accordance with Clause 5.7 to the Holders through the CSD.

6. THE BONDS AND TRANSFERABILITY

- 6.1 Each Holder is bound by these Terms and Conditions without there being any further actions required to be taken or formalities to be complied with.
- 6.2 The Bonds are freely transferable. All Bond transfers are subject to these Terms and Conditions and these Terms and Conditions are automatically applicable in relation to all Bond transferees upon completed transfer.
- 6.3 Upon a transfer of Bonds, any rights and obligations under the Finance Documents relating to such Bonds are automatically transferred to the transferee.
- 6.4 No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Bonds or the possession, circulation or distribution of any document or other material relating to the Issuer or the Bonds in any jurisdiction other than Sweden, where action for that purpose is required. Each Holder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Bonds, (due to, e.g., its nationality, its residency, its registered address or its place(s) of business). Each Holder must ensure compliance with such restrictions at its own cost and expense.
- 6.5 The Bonds have not been registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) and the Issuer is under no obligation to arrange for registration of the Bonds under the Securities Act or under any other law or regulation.
- 6.6 The Bonds are not offered to and may not be subscribed by investors located in the United States except for “Qualified Institutional Buyers” (“**QIB**”) within the meaning of Rule 144A under the Securities Act. In the application form relating to the Bonds, each person applying for the Bonds must confirm whether it is a U.S. person as defined in Rule 902 of Regulation S under the Securities Act, and if it is a U.S. person it must confirm, *inter alia*, that it is a QIB.
- 6.7 Holders located in the United States are not permitted to transfer Bonds except (a) subject to an effective registration statement under the Securities Act, (b) to a person that the Holder reasonably believes is a QIB within the meaning of Rule 144A that is purchasing for its own account, or the account of another QIB, to whom notice is given that the resale, pledge or other transfer may be made in reliance on Rule 144A, (c) outside the United States in accordance with Regulation S under the Securities Act, (d) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available) and (e) pursuant to any other available exemption from registration under the Securities Act, subject to the receipt by the Issuer of an opinion of counsel or such other evidence that the Issuer may reasonably require confirming that such sale or transfer is in compliance with the Securities Act.
- 6.8 For the avoidance of doubt and notwithstanding the above, a Holder which allegedly has purchased Bonds in contradiction to mandatory restrictions applicable may nevertheless utilise its voting rights under these Terms and Conditions and shall be entitled to exercise its full rights as a Holder hereunder in each case until such allegations have been resolved.

7. BONDS IN BOOK-ENTRY FORM

- 7.1 The Bonds will be registered for the Holders on their respective Securities Accounts and no physical Bonds will be issued. Accordingly, the Bonds will be registered in accordance with the Financial Instruments Accounts Act. Registration requests relating to the Bonds shall be directed to an Account Operator.
- 7.2 Those who according to assignment, security, the provisions of the Swedish Children and Parents Code (Sw. *föräldrabalken (1949:381)*), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Bond shall register their entitlements to receive payment in accordance with the Financial Instruments Accounts Act.
- 7.3 The Issuer (and the Trustee when permitted under the CSD's applicable regulations) shall be entitled to obtain information from the debt register (Sw. *skuldbok*) kept by the CSD in respect of the Bonds. At the request of the Trustee, the Issuer shall promptly obtain such information and provide it to the Trustee.
- 7.4 For the purpose of or in connection with any Holders' Meeting or any Written Procedure, the Issuing Agent shall be entitled to obtain information from the debt register kept by the CSD in respect of the Bonds. If the Trustee does not otherwise obtain information from such debt register as contemplated under the Finance Documents, the Issuing Agent shall at the request of the Trustee obtain information from the debt register and provide it to the Trustee.
- 7.5 The Issuer shall issue any necessary power of attorney to such persons employed by the Trustee, as notified by the Trustee, in order for such individuals to independently obtain information directly from the debt register kept by the CSD in respect of the Bonds. The Issuer may not revoke any such power of attorney unless directed by the Trustee or unless consent thereto is given by the Holders.
- 7.6 At the request of the Trustee, the Issuer shall promptly instruct the Issuing Agent to obtain information from the debt register kept by the CSD in respect of the Bonds and provide it to the Trustee.

8. RIGHT TO ACT ON BEHALF OF A HOLDER

- 8.1 If any Person other than a Holder wishes to exercise any rights under the Finance Documents, it must obtain a power of attorney (or, if applicable, a coherent chain of powers of attorney), a certificate from the authorised nominee or other sufficient proof of authorisation for such Person.
- 8.2 A Holder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Bonds held by it. Any such representative may act independently under the Finance Documents in relation to the Bonds for which such representative is entitled to represent the Holder and may further delegate its right to represent the Holder by way of a further power of attorney.
- 8.3 The Trustee shall only have to examine the face of a power of attorney or other proof of authorisation that has been provided to it pursuant to Clause 8.1 and 8.2 and may assume that it has been duly authorised, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face.

9. PAYMENTS IN RESPECT OF THE BONDS

- 9.1 Any payment or repayment under the Finance Documents, or any amount due in respect of a repurchase of any Bonds, shall be made to such Person who is registered as a Holder on the Record Date prior to the relevant payment date, or to such other Person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.
- 9.2 If a Holder has registered, through an Account Operator, that principal, Interest and any other payment that shall be made under these Terms and Conditions shall be deposited in a certain bank account; such deposits will be effected by the CSD on the relevant payment date. In other cases, payments will be transferred by the CSD to the Holder at the address registered with the CSD on the Record Date. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effect payments as aforesaid, the Issuer shall procure that such amounts are paid to the Persons who are registered as Holders on the relevant Record Date as soon as possible after such obstacle has been removed.
- 9.3 If, due to any obstacle for the CSD, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed. Interest shall accrue in accordance with Clause 10.5 during such postponement.
- 9.4 If payment or repayment is made in accordance with this Clause 9, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a Person not entitled to receive such amount.
- 9.5 The Issuer shall pay any stamp duty and other public fees accruing in connection with the Bond Issue or a Subsequent Bond Issue, but not in respect of trading in the secondary market (except to the extent required by applicable law), and shall deduct at source any applicable withholding tax payable pursuant to law. The Issuer shall not be liable to reimburse any stamp duty or public fee or to gross-up any payments under these Terms and Conditions by virtue of any withholding tax, public levy or similar.

10. INTEREST

- 10.1 The Bonds will bear Interest at the Interest Rate applied to the Nominal Amount from, but excluding, the First Issue Date up to and including the relevant Redemption Date. Any Subsequent Bond will, however, carry Interest at the Interest Rate from, but excluding, the Interest Payment Date falling immediately prior to its issuance up to and including the relevant Redemption Date.
- 10.2 Interest accrues during an Interest Period. Payment of Interest in respect of the Bonds shall be made semi-annually in arrears to the Holders on each Interest Payment Date for the preceding Interest Period.
- 10.3 Interest shall be calculated on the basis of a 360-day year comprised of twelve (12) months of thirty (30) days each and, in case of an incomplete month, the actual number of days elapsed (30/360-days basis).
- 10.4 If the Equity Contribution has not occurred on or before the first Interest Payment Date, the Interest Rate shall increase in accordance with the Interest Rate Step Up.

- 10.5 If the Issuer fails to pay any amount payable by it under the Finance Documents on its due date, default interest shall accrue on the overdue amount from, but excluding, the due date up to and including the date of actual payment at a rate which is two hundred (200) basis points higher than the Interest Rate. Accrued default interest shall not be capitalised. No default interest shall accrue where the failure to pay was solely attributable to the Trustee or the CSD, in which case the Interest Rate shall apply instead.

11. REDEMPTION, REPURCHASE AND PREPAYMENT OF THE BONDS

11.1 Redemption at maturity

The Issuer shall redeem all, but not only some, of the Bonds in full on the Final Redemption Date (or, to the extent such day is not a Business Day, on the first following Business Day) with an amount per Bond equal to the Nominal Amount together with accrued but unpaid Interest.

11.2 The Group Companies' purchase of Bonds

Any Group Company may, subject to applicable law, at any time and at any price purchase Bonds. The Bonds held by a Group Company may at such Group Company's discretion be retained, sold or, if held by the Issuer, be cancelled.

11.3 Early voluntary redemption by the Issuer (call option)

- 11.3.1 The Issuer may redeem all, but not only some, of the Bonds in full on any Business Day prior to the First Call Date, at an amount equal to the Make Whole Amount together with accrued but unpaid Interest.

- 11.3.2 The Issuer may redeem all, but not only some, of the Bonds in full on any Business Day falling on or after the First Call Date, but before the Final Redemption Date, at the applicable Call Option Amount together with accrued but unpaid Interest.

- 11.3.3 Redemption in accordance with Clauses 11.3.1 and 11.3.2 shall be made by the Issuer giving not less than fifteen (15) Business Days' notice to the Holders and the Trustee. Any such notice shall state the Redemption Date and the relevant Record Date and is irrevocable but may, at the Issuer's discretion, contain one or more conditions precedent. Upon expiry of such notice and the fulfilment of the conditions precedent (if any), the Issuer is bound to redeem the Bonds in full at the applicable amounts.

11.4 Equity Claw Back

The Issuer may at one occasion, in connection with an Equity Listing Event, repay up to 30% of the total Initial Nominal Amount, in which case all outstanding Bonds shall be partially repaid by way of reducing the Nominal Amount of each Bond pro rata. The repayment must occur on an Interest Payment Date within 180 days after such Equity Listing Event and be made with funds in an aggregate amount not exceeding the cash proceeds received by the Issuer as a result of such Equity Listing Event (net of fees, charges and commissions actually incurred in connection with such Equity Listing Event and net of taxes paid or payable as a result of such Equity Listing Event). The Issuer shall give not less than fifteen (15) Business Days' notice of the repayment to the Trustee and the Holders and the

repayment price per Bond shall equal the repaid percentage of the Nominal Amount plus (i) a premium on the repaid amount as set forth in the Call Option Amount for the relevant period and, shall before the First Call Date) be the price set out in paragraph (a) of the Call Option Amount definition, and (ii) accrued but unpaid interest on the repaid amount.

11.5 Mandatory repurchase due to a Change of Control Event (put option)

11.5.1 Upon a Change of Control Event occurring, each Holder shall have the right to request that all, or only some, of its Bonds are repurchased (whereby the Issuer shall have the obligation to repurchase such Bonds) at a price per Bond equal to 101.00 per cent. of the Nominal Amount together with accrued but unpaid Interest; during a period of thirty (30) calendar days following a notice from the Issuer of the Change of Control Event pursuant to Clause 12.11 (e). The thirty (30) calendar days' period may not start earlier than upon the occurrence of the Change of Control Event.

11.5.2 The notice from the Issuer pursuant to Clause 12.11 (e) shall specify the repurchase date and include instructions about the actions that a Holder needs to take if it wants Bonds held by it to be repurchased. If a Holder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer, or a Person designated by the Issuer, shall repurchase the relevant Bonds and the repurchase amount shall fall due on the repurchase date specified in the notice given by the Issuer pursuant to Clause 12.11 (e). The repurchase date must fall no later than twenty (20) Business Days after the end of the period referred to in Clause 11.5.1.

11.5.3 The Issuer shall comply with the requirements of any applicable securities laws or regulations in connection with the repurchase of Bonds. To the extent that the provisions of such laws and regulations conflict with the provisions in this Clause 11.5, the Issuer shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 11.5 by virtue of the conflict.

11.5.4 Any Bonds repurchased by the Issuer pursuant to this Clause 11.5 may at the Issuer's discretion be retained, sold or cancelled in accordance with Clause 11.2.

11.6 Mandatory partial prepayment due to disposal of assets

11.6.1 If a Group Company does not apply the net proceeds from a disposal in reinvestment in the same line of business within the Reinvestment Period as set out in Clause 12.5 (*Disposal of assets*), the net proceeds from such disposal shall be applied in partial prepayment on outstanding Bonds by way of reducing the Nominal Amount of each Bond pro rata at the next Interest Payment Date following the end of the Reinvestment Period.

11.6.2 The prepayment per Bond shall equal the repaid percentage of the Nominal Amount (rounded down to the nearest SEK 1.00) plus 3.00 per cent and accrued but unpaid interest on the repaid amount. The Issuer shall give the Trustee and the Holders not less than fifteen (15) calendar days' notice of such prepayment.

12. SPECIAL UNDERTAKINGS

So long as any Bond remains outstanding, the Issuer undertakes to comply with the special undertakings set forth in this Clause 12.

12.1 Distributions

The Issuer shall not, and shall procure that none of the Subsidiaries, (i) pay any dividend in respect of its shares (other than loans and group contributions to the Issuer or a Subsidiary of the Issuer), (ii) repurchase or redeem any of its own shares (other than to another Subsidiary or the Issuer), (iii) redeem or reduce its share capital or other restricted equity with repayment to shareholders, (iv) repay or pay interest under any Subordinated Loans, or (v) make any other similar distribution or transfers of value to the Issuer's, or the Subsidiaries', direct and indirect shareholders (other than the Issuer or a Subsidiary of the Issuer) or the Affiliates of such direct and indirect shareholders ((i)-(v) each being a “**Restricted Payment**”).

Notwithstanding the above, provided that no Event of Default is continuing and that the Incurrence Test (calculated on a *pro forma* basis including the relevant Restricted Payment) is met, a Restricted Payment may be made by the Issuer or any Subsidiary if, at the time of the payment, the aggregate amount of all Restricted Payments of the Group in any fiscal year (including the Restricted Payment in question) does not exceed twenty-five per cent (25%) of the Group's consolidated net profit for the previous fiscal year.

Furthermore, following an Equity Listing Event, a Restricted Payment may be made by the Issuer or any Subsidiary, if at the time of the payment:

- (a) no Event of Default is continuing;
- (b) the Equity Claw Back has been utilised in full;
- (c) the Incurrence Test is fulfilled (calculated on a *pro forma* basis including the relevant Restricted Payment); and
- (d) if, at the time of the payment, the aggregate amount of all Restricted Payments of the Group in any fiscal year (including the Restricted Payment in question) does not exceed fifty per cent (50%) of the Group's consolidated net profit for the previous fiscal year.

12.2 Nature of business

The Issuer shall procure that no substantial change is made to the general nature of the business carried on by the Issuer and the Subsidiaries as of the First Issue Date if such substantial change would have a Material Adverse Effect.

12.3 Financial Indebtedness

The Issuer shall not, and shall procure that none of its Subsidiaries will, incur any new, or maintain or prolong any existing Financial Indebtedness, provided however that the Issuer and the Subsidiaries have a right to incur, maintain or prolong any Financial Indebtedness that constitute Permitted Debt, if such Permitted Debt is incurred on market terms (or better).

12.4 **Negative Pledge**

The Issuer shall not, and shall procure that none of its Subsidiaries, provide, prolong or renew any security over any of its/their assets (present or future) to secure any loan or other indebtedness, provided however that the Group Companies have a right to provide, prolong and renew any Permitted Security.

12.5 **Disposal of assets**

The Issuer shall not, and shall procure that no Subsidiary, sell or otherwise dispose of shares in any Subsidiary or of all or substantially all of its or any Subsidiary's assets or operations to any person not being the Issuer or any of its wholly-owned Subsidiaries, unless the transaction is carried out at fair market value and on terms and conditions customary for such transaction and provided that it does not have a Material Adverse Effect. The Issuer shall notify the Trustee of any such transaction and, upon request by the Trustee, provide the Trustee with any information relating to the transaction which the Trustee deems necessary (acting reasonably).

In addition to the aforesaid any disposal of (i) Bond-related Aircraft and (ii) aircraft engines that constitute or relate to Bond-related Aircraft or (iii) Aircraft-owning Companies, financed through Net Proceeds, Subsequent Bond Issues or Equity Contribution, are only permitted to be disposed of provided that:

- (i) the Incurrence Test, calculated *pro forma* including such disposal is met; or
- (ii) if the Incurrence Test is not met, provided that the net proceeds from such disposal is paid directly to the Deposit Account;

and provided further that the Group applies the net proceeds from such disposal in reinvestment in the same line of business within twelve (12) months from the disposal, (the “**Reinvestment Period**”) and if no such reinvestment takes place within the Reinvestment Period, the net proceeds from such disposal shall be applied in partial repayment on outstanding Bonds by way of reducing the Nominal Amount of each Bond *pro rata*. The repayment shall be made in accordance with Clause 11.6 (*Mandatory partial prepayment due to disposal of assets*). The Trustee shall release any net proceeds standing on the Deposit Account to be used towards reinvestment or partial prepayment (as applicable).

For purposes of this Clause 12.5 a dismantling of a Bond-related Aircraft to be used in the business as spare parts, shall be regarded as a permitted disposal, provided that (a) the Incurrence Test is met, (b) the Issuer procures that funds corresponding to the fair market value of the dismantled Bond-related Aircraft is paid to the Deposit Account, and (c) provided further that any such funds shall only be released by the Trustee if used to (i) acquire an asset which can be provided as security to the Trustee and the Holders (represented by the Trustee) on terms satisfactory to the Trustee (acting reasonably) or (ii) pay for value-adding upgrades, improvements, repairs and reconfiguration of any Bond-related Aircraft that is part of the Transaction Security.

In connection with a disposal the Trustee, without having to obtain the Holders' approval thereof, (i) shall (if applicable) be obligated to release the relevant Transaction Security if

the relevant Security Document is governed by the laws of a jurisdiction other than Sweden, or (ii) may (but is not obligated to) agree to release the relevant Transaction Security if the relevant Security Document is governed by the laws of Sweden.

12.6 **Dealings with related parties**

The Issuer shall, and shall procure that its Subsidiaries will, conduct all dealings with the direct and indirect shareholders of the Group Companies (excluding other Group Companies) and/or any Affiliates of such direct and indirect shareholders at arm's length terms.

12.7 **Compliance with laws etcetera**

The Issuer shall, and shall procure that the Subsidiaries, (i) comply in all material respects with all laws and regulations applicable from time to time, and (ii) obtain maintain and in all material respects comply with, the terms and conditions of any authorisation, approval, license or other permit required for the business carried out by the respective Group Company.

12.8 **Clean Down Period**

The Issuer shall procure that during each calendar year there shall be a period of three (3) consecutive days during which the amount outstanding under the Working Capital Facility, less cash and cash equivalents of the Group, amounts to zero (0) or less. Not less than six (6) months shall elapse between two such periods.

12.9 **Restrictions on loans out**

The Issuer shall not, and shall procure that none of the Issuer's Subsidiaries will, extend any loans, grant any guarantees or extend any other financial assistance other than to Group Companies, however the restriction does not apply to Advanced Purchase Agreement.

12.10 **Ownership of aircraft**

The Issuer shall ensure that WAAM is the owner of all Bond-related Aircraft and the Issuer or WAAM is the owner of all Aircraft-owning Companies (unless such Aircraft-owning Company is fully financed by Subordinated Loans or by equity contribution (provided externally) (not including if financed by Equity Contribution)) held by the Group with proprietary rights (Sw. *äganderätt*) from time to time (if applicable, as soon as possible after any such aircraft is acquired and then taking into account the possibility of back to back acquisitions where WAAM is the final purchaser).

12.11 **Financial reporting etcetera**

The Issuer shall:

- (a) prepare and make available the annual audited consolidated financial statements of the Group and the annual audited unconsolidated financial statements of the Issuer, including a profit and loss account, a balance sheet, a cash flow statement

and management commentary or report from the Issuer's board of directors, on its website not later than 4 months after the expiry of each financial year;

- (b) prepare and make available the quarterly interim unaudited consolidated reports of the Group and the quarterly interim unaudited unconsolidated reports of the Issuer, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors, on its website not later than 2 months after the expiry of each relevant interim period;
- (c) issue a Compliance Certificate to the Trustee in connection with (i) a Subsequent Bond Issue, a Restricted Payment, a Permitted Debt or a Disposal of assets (that requires that the Incurrence Test is met), (ii) in connection with each Financial Report;
- (d) keep the latest version of the Terms and Conditions available on the website of the Group;
- (e) promptly notify the Trustee (and as regards an Equity Listing Event, an Interest Rate Step Up or a Change of Control Event the Holders) when the Issuer is or becomes aware of an Equity Listing Event, an Interest Rate Step Up, a Change of Control Event or that an Event of Default has occurred, and shall provide the Trustee with such further information as the Trustee may request (acting reasonably) following receipt of such notice.
- (f) prepare the Financial Reports in accordance with the Accounting Principles and make them available in accordance with the rules and regulations of Nasdaq Stockholm (or any other Regulated Market, as applicable) (as amended from time to time) and the Swedish Securities Market Act (*Sw. lag (2007:528) om värdepappersmarknaden*) (as amended from time to time).

- 12.11.1 The Issuer shall notify the Trustee of any transaction referred to in Clauses 12.5 (Disposals of assets) and shall, upon request by the Trustee, provide the Trustee with (a) any information relating to the transaction which the Trustee deems necessary (acting reasonably) and (b) a determination from the Issuer which states whether the transaction is carried out at fair market value and on terms and conditions customary for such transaction or not and whether it has a Material Adverse Effect or not. The Trustee may assume that any information provided by the Issuer is correct, and the Trustee shall not be responsible or liable for the adequacy, accuracy or completeness of such information. The Trustee is not responsible for assessing if the transaction is carried out at fair market value and on terms and conditions customary for such transaction and whether it has a Material Adverse Effect, but is not bound by the Issuer's determination under item (b) above.

12.12 **Listing of Bonds**

The Issuer shall ensure that the Bonds are listed at the corporate bond list on Nasdaq Stockholm not later than sixty (60) calendar days after the First Issue Date (the intention of the Issuer is however to list the Bonds at the corporate bond list on Nasdaq Stockholm

within thirty (30) calendar days after the First Issue Date) and shall take all measures required to ensure that the Bonds, once listed on Nasdaq Stockholm, continue being listed on Nasdaq Stockholm for as long as any Bond is outstanding (however, taking into account the rules and regulations of Nasdaq Stockholm and the CSD (as amended from time to time) preventing trading in the Bonds in close connection to the redemption of the Bonds) and that, upon any Subsequent Bond Issue, the volume of Bonds listed at the corporate bond list of Nasdaq Stockholm promptly, and no later than ten (10) Business Days after the relevant Issue Date, is increased accordingly.

12.13 **Maintenance Test**

The Issuer shall ensure that the Maintenance Test is met for as long as any Bond is outstanding.

12.14 **Registration as of nationality**

Any Bond-related Aircraft may only be acquired provided that the pledge over the relevant aircraft will confer upon the Trustee and Holders, in all material respects, equivalent or better security interest than if such pledge had been granted under the laws of Sweden.

If an aircraft has been pledged in favour of the Trustee and the Holders (as represented by the Trustee), the Group Companies shall only have a right to make a change to the registration as of nationality of the aircraft from the nationality register in which it is registered to the nationality register of another state if (i) such other state is an ICAO Contracting State, (ii) the pledge over the aircraft survives the change of registration and the rights of the Trustee and the Holders (as represented by the Trustee) under the pledge are, in the Trustee's sole opinion and discretion, preserved, protected and not adversely affected by such change of registration, or (iii) a new pledge is granted over the aircraft after the change of registration has been made which, in the Trustee's sole opinion and discretion, confer upon the Trustee and the Holders (as represented by the Trustee) an, in all material respects, equivalent or better security interest and provided that the rights of the Trustee and the Holders (as represented by the Trustee) are not, in the Trustee's sole opinion and discretion, negatively affected by such change of registration in any other way.

If any Bond-related Aircraft to be acquired is registered with an ICAO Contracting State (other than Sweden), and it is possible to register a pledge in accordance with the Cape Town Convention (Sw. *Kapstadskonventionen och luftfartsprotokollet*), a registration of the pledge, shall be made both in the applicable national register and the international register of the Cape Town Convention, provided that such national registration (in addition to the international registration) does not result in material expenses for the Group, where it shall be assumed that any security consisting of security interest according to the Cape Town Convention combined with security interest in the applicable national register, will confer upon the Trustee and the Holders an equivalent security interest, unless proven otherwise.

12.15 **Security**

The Issuer undertakes to procure that, each time:

- (a) a Leased Aircraft is acquired by a Group Company;

- (b) an Additional Aircraft is acquired by a Group Company;
- (c) an Aircraft-owning Company is acquired by a Group Company and such acquisition is financed by funds raised through a Subsequent Bond Issue or financed through Net Proceeds or by the Equity Contribution;
- (d) a Swedish Unmortgaged Aircraft is registered in the United Kingdom or another jurisdiction with no material expenses required to provide a mortgage over the relevant Swedish Unmortgaged Aircraft;

the relevant aircraft (and the shares in an Aircraft-owning Company, as applicable) shall (i) be pledged to the Trustee and the Holders (as represented by the Trustee) unless the aircraft is registered in Sweden and unmortgaged and (ii) be owned by WAAM (in relation to aircraft) and be owned by the Issuer or WAAM (in relation to Aircraft-owning Companies).

Notwithstanding the above, any aircraft fully financed by Subordinated Loans or by equity contribution (provided externally) shall not constitute Transaction Security (the “**Externally Funded Aircraft**”) (not including any aircraft financed through the Equity Contribution). For the avoidance of doubt, the SHB Aircraft may be an Externally Funded Aircraft.

When the Cape Town Convention has been duly implemented in Sweden and in accordance with Clause 12.14 (*Registration as of nationality*), (i) any aircraft to be transferred to Sweden where the registration of nationality is to be Sweden, (ii) any aircraft to be acquired by a Group Company where the registration of nationality is to be Sweden and (iii) any Swedish Unmortgaged Aircraft shall as soon as practically possible be registered and pledged to the Holders and the Trustee in the international register of the Cape Town Convention, provided that such aircraft constitute Transaction Security. (Without any need to take out any aircraft mortgages (Sw. *inteckningar*)). Furthermore, any Group Company may also change any existing pledge over an aircraft with registration of nationality in Sweden against a security interest with a registration in the international register.

12.16 **Contribution of equity**

If the Issuer raises the Equity Contribution on or before the first Interest Payment Date, the amount shall be used in accordance with the Investment Programme. When the net proceeds are used for acquisitions of Additional Aircraft, Leased Aircraft or Aircraft-owning Companies, the assets shall immediately be pledged in favour of the Trustee and the Holders (as represented by the Trustee). (For the avoidance of doubt, no obligation to pledge assets shall exist if net proceeds shall be used for strengthening of the liquidity within the Group).

12.17 **Operational leases**

The Issuer and the Subsidiaries shall to the extent practically possible and economically feasible make sure that any operational lease agreements entered into, in relation to Leased Aircraft, are made on back to back agreements (i.e. virtually the same tenor on the lease agreement (with a Group Company as lessee) as on the corresponding contract with the relevant client).

12.18 **Trustee Agreement**

12.18.1 The Issuer shall, in accordance with the Trustee Agreement:

- (a) pay fees to the Trustee;
- (b) indemnify the Trustee for costs, losses and liabilities;
- (c) furnish to the Trustee all information reasonably requested by or otherwise required to be delivered to the Trustee; and
- (d) not act in a way which would give the Trustee a legal or contractual right to terminate the Trustee Agreement.

12.18.2 The Issuer and the Trustee shall not agree to amend any provisions of the Trustee Agreement without the prior consent of the Holders if the amendment would be detrimental to the interests of the Holders.

13. **CONDITIONS PRECEDENT FOR DISBURSEMENT**

13.1 The Trustee's approval of the disbursement of the Net Proceeds from the Escrow Account is subject to the following documents being received by the Trustee, in form and substance satisfactory to it (acting reasonably), that the following actions have been taken and that the following events have occurred:

- (a) relevant corporate resolutions applicable for the Bond Issue;
- (b) a copy of a duly signed unconditional and irrevocable call notice for the repayment of the Existing Bonds, such repayment to take place no later than upon the disbursement from the Escrow Account (however, with due regard to the payment mechanisms of the CSD);
- (c) duly executed release notice from the trustee under the Existing Bond confirming that all Existing Bond Security will be released upon repayment in full of the Existing Bond;
- (d) duly executed copies of the Finance Documents; and
- (e) evidence that the Transaction Security have been duly provided and perfected or will be perfected immediately following disbursement, (however taking into account any processing time related to the Swedish Transport Agency (Sw. *Transportstyrelsen*) and any applicable registration process (necessary for the perfection measures) related to similar authorities in other jurisdictions).

Any amount of the total SEK 150,000,000 relating to the purchase of New Aircraft set out in Clause 4.2 (ii) (*Use of Proceeds*), shall only be released by the Trustee, provided that the Trustee has received the following evidence and documents satisfactory to it (acting reasonably):

- (f) a purchase agreement entered into by WAAM regarding the acquisition of such New Aircraft and confirmation that no conditions for the fulfilment of the purchase agreement are outstanding except for payment of the purchase price

and delivery of aircraft by signing the acceptance certificate and the thereto bill of sale;

- (g) a pledge agreement, acceptable to the Trustee (considering what is stated in Clause 12.14 (*Registration as of nationality*) entered into by WAAM in favour of the Holders (as represented by the Trustee) and the Trustee in relation to such New Aircraft (unless the aircraft is registered in Sweden and unmortgaged and owned by WAAM); and
- (h) evidence that the amount to be released from the Escrow Account (if necessary after a foreign exchange transaction has been made) shall be applied towards payment of the purchase price for the New Aircraft.

13.2 When the Conditions Precedent for Disbursement set out in Clause 13.1 (a) to (e) above have been fulfilled to the satisfaction of the Trustee (acting reasonably), the Trustee shall release the funds from the Escrow Account to be applied in accordance with the Purpose of the Bonds, (excluding the amount of SEK 150,000,000). Each time the Conditions Precedent for Disbursement set out in Clause 13.1 (f) to (h) have been fulfilled to the satisfaction of the Trustee, the Trustee shall instruct the Bank to transfer the amount set forth in the evidence of payment referred to in (h) above, from the Escrow Account for the purpose of payment of the purchase price of any New Aircraft. Any residual amount that does not suffice for the purchase of an entire New Aircraft shall be used to partially finance any purchase of Additional Aircraft, whereby Clause 13.1 (f) to (h) shall be applied *mutatis mutandis*.

14. CONDITIONS SUBSEQUENT

14.1 The Issuer shall provide evidence to the Trustee, in form and substance satisfactory to the Trustee (acting reasonably), showing that the events listed below have occurred:

- (a) that the Existing Bond has been repaid in full or rolled-over into Bonds, such evidence to be provided as soon as practically possible after the Conditions Precedent for Disbursement have been fulfilled and the disbursement from the Escrow Account has been made;
- (b) that all Existing Bond Security has been released with no remaining obligations of the Issuer, such evidence to be provided as soon as possible, (however taking into account any processing time related to the Swedish Transport Agency (Sw. *Transportstyrelsen*) and any applicable registration process (necessary for the release) related to similar authorities in other jurisdictions);
- (c) that the Transaction Security is duly perfected, such evidence to be provided no later than 90 calendar days after the Conditions Precedent for Disbursement, as applicable (a) to (e) or (f) to (h), and the payment from the Escrow Account has been made. If the Transaction Security is not perfected within the 90 calendar days, the Issuer shall immediately provide evidence to the Trustee (satisfactory to the Trustee) that the delay is due to processing time related to the Swedish Transport Agency (Sw. *Transportstyrelsen*) or similar authority in the relevant

jurisdiction and provide the Trustee with information about the additional time required for the pledge to be duly perfected.

15. TERMINATION OF THE BONDS

15.1 The Trustee is entitled, on behalf of the Holders, to terminate the Bonds and to declare all, but not only some, of the Bonds due for payment immediately or at such later date as the Trustee determines (such later date not falling later than twenty (20) Business Days from the date on which the Trustee made such declaration), if:

- (a) **Non-payment:** The Issuer or a Guarantor fails to pay an amount on the date it is due in accordance with the Finance Documents unless its failure to pay is caused by administrative or technical error and payment is made within five (5) Business Days of the due date;
- (b) **Conditions subsequent:** The Issuer has not provided the Trustee with evidence, in form and substance satisfactory to the Trustee, showing that the actions described under Conditions Subsequent have been taken or that the events described therein has occurred not later than ninety (90) calendar days after the Conditions Precedent for Disbursement have been fulfilled and the payments from the Escrow Account has been made (taking into account any additional time in accordance with Clause 14.1 (c) (*Conditions Subsequent*));
- (c) **Other obligations:** The Issuer or a Guarantor does not comply with the Finance Documents, in any other way than as set out under (a) above, provided that the Trustee has requested the Issuer or the Guarantor in writing to remedy such failure and the Issuer or the Guarantor has not remedied the failure within fifteen (15) Business Days from such request (if the failure or violation is not capable of being remedied, the Trustee may declare the Bonds payable without such prior written request);
- (d) **Cross-acceleration:** Any Financial Indebtedness of a Material Group Company is not paid when due as extended by any originally applicable grace period, or is declared to be due and payable prior to its specified maturity as a result of an event of default (however described), provided that no Event of Default will occur under this Section (d) if the aggregate amount of Financial Indebtedness that has fallen due is less than SEK 15,000,000 and provided that it does not apply to any Financial Indebtedness owed to a Group Company;
- (e) **Insolvency:**
 - (i) Any Material Group Company is unable or admits inability to pay its debts as they fall due or is declared to be unable to pay its debts under applicable law, suspends making payments on its debts generally or, by reason of actual or anticipated financial difficulties, commences negotiations with its creditors with a view to rescheduling its Financial Indebtedness; or

- (ii) a moratorium is declared in respect of the Financial Indebtedness of any Material Group Company;
 - (f) **Insolvency proceedings:** Any corporate action, legal proceedings or other procedures are taken (other than (i) proceedings or petitions which are being disputed in good faith and are discharged, stayed or dismissed within sixty (60) calendar days of commencement or, if earlier, the date on which it is advertised and (ii), in relation to Subsidiaries, solvent liquidations) in relation to:
 - (i) the suspension of payments, winding-up, dissolution, administration or reorganisation (by way of voluntary agreement, scheme of arrangement or otherwise) of any Material Group Company; and
 - (ii) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of any Material Group Company or any of its assets or any analogous procedure or step is taken in any jurisdiction;
 - (g) **Mergers and demergers:** A decision is made that any Material Group Company shall be demerged or merged if such merger or demerger is likely to have a Material Adverse Effect, provided that a merger involving the Issuer, where the Issuer is not the surviving entity, shall always be considered an Event of Default and provided that the Issuer may not be demerged;
 - (h) **Creditors' process:** Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of any Material Group Company having an aggregate value of an amount equal to or exceeding SEK 15,000,000 and is not discharged within sixty (60) calendar days;
 - (i) **Impossibility or illegality:** It is or becomes impossible or unlawful for the Issuer to fulfill or perform any of the provisions of the Finance Documents or if the obligations under the Finance Documents are not, or cease to be, legal, valid, binding and enforceable; or
 - (j) **Continuation of the business:** The Issuer or any other Material Group Company ceases to carry on its business if such discontinuation is likely to have a Material Adverse Effect.
- 15.2 If the right to terminate the Bonds is based upon a decision of a court of law or a government authority, it is not necessary that the decision has become enforceable under law or that the period of appeal has expired in order for cause of termination to be deemed to exist.
- 15.3 The Issuer is obliged to inform the Trustee immediately if any circumstance of the type specified in Clause 15.1 should occur. Should the Trustee not receive such information, the Trustee is entitled to assume that no such circumstance exists or can be expected to occur, provided that the Trustee does not have knowledge of such circumstance. The Trustee is under no obligations to make any investigations relating to the circumstances specified in Clause 15.1. The Issuer shall further, at the request of the Trustee, provide the Trustee with

- details of any circumstances referred to in Clause 15.1 and provide the Trustee with all documents that may be of significance for the application of this Clause 15.
- 15.4 The Issuer is only obliged to inform the Trustee according to Clause 15.3 if informing the Trustee would not conflict with any statute or the Issuer's registration contract with Nasdaq Stockholm (or any other Regulated Market, as applicable). If such a conflict would exist pursuant to the listing contract with Nasdaq Stockholm or otherwise, the Issuer shall however be obliged to either seek the approval from Nasdaq Stockholm (or any other Regulated Market, as applicable) or undertake other reasonable measures, including entering into a non-disclosure agreement with the Trustee, in order to be able to timely inform the Trustee according to Clause 15.3.
- 15.5 If the Trustee has been notified by the Issuer or has otherwise determined that there is a default under these Terms and Conditions according to Clause 15.1, the Trustee shall decide, within twenty (20) Business Days of the day of notification or determination, if the Bonds shall be declared terminated. If the Trustee has decided not to terminate the Bonds, the Trustee shall, at the earliest possible date, notify the Holders that there exists a right of termination and obtain instructions from the Holders according to the provisions in Clause 17 (*Decisions by Holders*). If the Holders vote in favour of termination and instruct the Trustee to terminate the Bonds, the Trustee shall promptly declare the Bonds terminated. However, if the cause for termination according to the Trustee's appraisal has ceased before the termination, the Trustee shall not terminate the Bonds. The Trustee shall in such case, at the earliest possible date, notify the Holders that the cause for termination has ceased. The Trustee shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default.
- 15.6 If the Holders, without any prior initiative to decision from the Trustee or the Issuer, have made a decision regarding termination in accordance with Clause 17 (*Decisions by Holders*), the Trustee shall promptly declare the Bonds terminated. The Trustee is however not liable to take action if the Trustee considers cause for termination not to be at hand, unless the instructing Holders agree in writing to indemnify and hold the Trustee harmless from any loss or liability and, if requested by the Trustee in its discretion, grant sufficient security for such indemnity.
- 15.7 If the Bonds are declared due and payable in accordance with the provisions in this Clause 15, the Trustee shall take every reasonable measure necessary to recover the amounts outstanding under the Bonds.
- 15.8 For the avoidance of doubt, the Bonds cannot be terminated and become due for payment prematurely according to this Clause 15 without relevant decision by the Trustee or following instructions from the Holders' pursuant to Clause 17 (*Decisions by Holders*).
- 15.9 If the Bonds are declared due and payable in accordance with this Clause 15, the Issuer shall redeem all Bonds with an amount per Bond together with a premium on the due and payable amount as set forth in the Call Option Amount for the relevant period and, shall before the First Call Date be the price set out in paragraph (a) of the Call Option Amount definition above the applicable Call Option Amount (plus accrued and unpaid interest).

16. DISTRIBUTION OF PROCEEDS

16.1 If the Bonds have been declared due and payable in accordance with Clause 15 (*Termination of the Bonds*), all payments by the Issuer or any of the Guarantors (as applicable) relating to the Bonds shall be distributed in the following order of priority, in accordance with the instructions of the Trustee:

- (a) *first*, in or towards payment *pro rata* of (i) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Trustee, (ii) other costs, expenses and indemnities relating to the termination of the Bonds, the enforcement of the security interests created under the Security Documents and the enforcement of the Guarantees or the protection of the Holders' rights under the Finance Documents, (iii) any non-reimbursed costs incurred by the Trustee for external experts, and (iv) any non-reimbursed costs and expenses incurred by the Trustee in relation to a Holders' Meeting or a Written Procedure;
- (b) *secondly*, in or towards payment *pro rata* of accrued but unpaid Interest under the Bonds (Interest due on an earlier Interest Payment Date to be paid before any Interest due on a later Interest Payment Date);
- (c) *thirdly*, in or towards payment *pro rata* of any unpaid principal under the Bonds; and
- (d) *fourthly*, in or towards payment *pro rata* of any other costs or outstanding amounts unpaid under the Finance Documents.

Any excess funds after the application of proceeds in accordance with items (a) to (d) above shall be paid to the Issuer or the Guarantors (as applicable). The application of proceeds in accordance with items (a) to (d) above shall, however, not restrict a Holders' Meeting or a Written Procedure from resolving that accrued Interest (whether overdue or not) shall be reduced without a corresponding reduction of principal.

16.2 If a Holder or another party has paid any fees, costs, expenses or indemnities referred to in Clause 16.1, such Holder or other party shall be entitled to reimbursement by way of a corresponding distribution in accordance with Clause 16.1.

16.3 Funds that the Trustee receives (directly or indirectly) in connection with the termination of the Bonds and/or enforcement of any or all of the security or Guarantees created under the Finance Documents constitute escrow funds according to the Escrow Funds Act and must be held on a separate interest-bearing account on behalf of the Holders and the other interested parties. The Trustee shall arrange for payments of such funds in accordance with this Clause 16 as soon as reasonably practicable.

16.4 If the Issuer or the Trustee shall make any payment under this Clause 16, the Issuer or the Trustee, as applicable, shall notify the Holders of any such payment at least fifteen (15) Business Days before the payment is made. Such notice shall specify the Record Date, the payment date and the amount to be paid. Notwithstanding the foregoing, for any Interest due but unpaid the Record Date specified in Clause 9.1 shall apply.

17. DECISIONS BY HOLDERS

- 17.1 A request by the Trustee for a decision by the Holders on a matter relating to the Finance Documents shall (at the option of the Trustee) be dealt with at a Holders' Meeting or by way of a Written Procedure.
- 17.2 Any request from the Issuer or a Holder (or Holders) representing at least 10.00 per cent. of the Adjusted Nominal Amount (such request may only be validly made by a Person who is a Holder on the Business Day immediately following the day on which the request is received by the Trustee and shall, if made by several Holders, be made by them jointly) for a decision by the Holders on a matter relating to the Finance Documents shall be directed to the Trustee and dealt with at a Holders' Meeting or by way of a Written Procedure, as determined by the Trustee. The Person requesting the decision may suggest the form for decision making, but if it is in the Trustee's opinion more appropriate that a matter is dealt with at a Holders' Meeting than by way of a Written Procedure, it shall be dealt with at a Holders' Meeting.
- 17.3 The Trustee may refrain from convening a Holders' Meeting or instigating a Written Procedure if (a) the suggested decision must be approved by any Person in addition to the Holders and such Person has informed the Trustee that an approval will not be given, or (b) the suggested decision is not in accordance with applicable laws.
- 17.4 Only a Person who is, or who has been provided with a power of attorney or other proof of authorisation pursuant to Clause 8 (*Right to act on behalf of a Holder*) from a Person who is, registered as a Holder:
- (a) on the Record Date prior to the date of the Holders' Meeting, in respect of a Holders' Meeting, or
 - (b) on the Business Day specified in the communication pursuant to Clause 19.3, in respect of a Written Procedure,
- may exercise voting rights as a Holder at such Holders' Meeting or in such Written Procedure, provided that the relevant Bonds are included in the definition of Adjusted Nominal Amount.
- 17.5 The following matters shall require consent of Holders representing at least two thirds (2/3) of the Adjusted Nominal Amount for which Holders are voting at a Holders' Meeting or for which Holders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 19.3:
- (a) waive a breach of or amend an undertaking set out in Clause 12 (*Special undertakings*);
 - (b) release any security provided under the Security Documents;
 - (c) release the Guarantees in whole or in part;
 - (d) reduce the principal amount, Interest Rate or Interest which shall be paid by the Issuer;

- (e) amend any payment day for principal or Interest or waive any breach of a payment undertaking, or
 - (f) amend the provisions in this Clause 17.5 or 17.6.
- 17.6 Any matter not covered by Clause 17.5 shall require the consent of Holders representing more than 50.00 per cent. of the Adjusted Nominal Amount for which Holders are voting at a Holders' Meeting or for which Holders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 19.3. This includes, but is not limited to, any amendment to or waiver of the terms of any Finance Document that does not require a higher majority (other than an amendment permitted pursuant to Clause 20.1(a), (b) or (c)), termination of the Bonds or the enforcement of any security created under the Security Documents or the enforcement of the Guarantees in part or in full.
- 17.7 If the number of votes or replies are equal, the opinion which is most beneficial for the Issuer, according to the chairman at a Holders' Meeting or the Trustee in a Written Procedure, will prevail.
- 17.8 Quorum at a Holders' Meeting or in respect of a Written Procedure only exists if a Holder (or Holders) representing at least 20.00 per cent. of the Adjusted Nominal Amount;
 - (a) if at a Holders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or
 - (b) if in respect of a Written Procedure, reply to the request.
- 17.9 If a quorum does not exist at a Holders' Meeting or in respect of a Written Procedure, the Trustee or the Issuer shall convene a second Holders' Meeting (in accordance with Clause 18.1) or initiate a second Written Procedure (in accordance with Clause 19.1), as the case may be, provided that the relevant proposal has not been withdrawn by the Person(s) who initiated the procedure for Holders' consent. The quorum requirement in Clause 17.8 shall not apply to such second Holders' Meeting or Written Procedure.
- 17.10 Any decision which extends or increases the obligations of the Issuer or the Trustee, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Trustee, under the Finance Documents shall be subject to the Issuer's or the Trustee's consent, as appropriate.
- 17.11 A Holder holding more than one Bond need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.
- 17.12 The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Holders that consent at the relevant Holders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.
- 17.13 A matter decided at a duly convened and held Holders' Meeting or by way of Written Procedure is binding on all Holders, irrespective of them being present or represented at the

Holders' Meeting or responding in the Written Procedure. The Holders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Holders.

- 17.14 All costs and expenses incurred by the Issuer or the Trustee for the purpose of convening a Holders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Trustee, shall be paid by the Issuer.
- 17.15 If a decision shall be taken by the Holders on a matter relating to the Finance Documents, the Issuer shall promptly at the request of the Trustee provide the Trustee with a certificate specifying the number of Bonds owned by Group Companies or (to the knowledge of the Issuer) their Affiliates, irrespective of whether such Person is directly registered as owner of such Bonds. The Trustee shall not be responsible for the accuracy of such certificate or otherwise be responsible to determine whether a Bond is owned by a Group Company or an Affiliate of a Group Company.
- 17.16 Information about decisions taken at a Holders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Holders and published on the websites of the Issuer and the Trustee, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Holders' Meeting or Written Procedure shall at the request of a Holder be sent to it by the Issuer or the Trustee, as applicable.

18. HOLDERS' MEETING

- 18.1 The Trustee shall convene a Holders' Meeting by sending a notice thereof to each Holder no later than five (5) Business Days after receipt of a request from the Issuer or the Holder(s) (or such later date as may be necessary for technical or administrative reasons). If the Holder's Meeting has been requested by the Holder(s), the Trustee shall send a copy of the notice to the Issuer.
- 18.2 Should the Issuer want to replace the Trustee, it may convene a Holders' Meeting in accordance with Clause 18.1 with a copy to the Trustee. After a request from the Holders pursuant to Clause 21.4.3, the Issuer shall no later than five (5) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Holders' Meeting in accordance with Clause 18.1.
- 18.3 The notice pursuant to Clause 18.1 shall include (a) time for the meeting, (b) place for the meeting, (c) agenda for the meeting (including each request for a decision by the Holders) and (d) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Holders' Meeting. Should prior notification by the Holders be required in order to attend the Holders' Meeting, such requirement shall be included in the notice.
- 18.4 The Holders' Meeting shall be held no earlier than ten (10) Business Days and no later than twenty (20) Business Days from the notice.
- 18.5 If the Trustee, in breach of these Terms and Conditions, has not convened a Holders' Meeting within five (5) Business Days after having received such notice, the requesting Person may convene the Holders' Meeting itself. If the requesting Person is a Holder, the

Issuer shall upon request from such Holder provide the Holder with necessary information from the register kept by the CSD and, if no Person to open the Holders' Meeting has been appointed by the Trustee, the meeting shall be opened by a Person appointed by the requesting Person.

- 18.6 At a Holders' Meeting, the Issuer, the Holders (or the Holders' representatives/proxies) and the Trustee may attend along with each of their representatives, counsels and assistants. Further, the directors of the board, the managing director and other officials of the Issuer and the Issuer's auditors may attend the Holders' Meeting. The Holders' Meeting may decide that further individuals may attend. If a representative/proxy shall attend the Holders' Meeting instead of the Holder, the representative/proxy shall present a duly executed proxy or other document establishing its authority to represent the Holder.
- 18.7 Without amending or varying these Terms and Conditions, the Trustee may prescribe such further regulations regarding the convening and holding of a Holders' Meeting as the Trustee may deem appropriate. Such regulations may include a possibility for Holders to vote without attending the meeting in Person.

19. WRITTEN PROCEDURE

- 19.1 The Trustee shall instigate a Written Procedure no later than five (5) Business Days after receipt of a request from the Issuer or the Holder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each such Person who is registered as a Holder on the Business Day prior to the date on which the communication is sent. If the Written Procedure has been requested by the Holder(s), the Trustee shall send a copy of the communication to the Issuer.
- 19.2 Should the Issuer want to replace the Trustee, it may send a communication in accordance with Clause 19.1 to each Holder with a copy to the Trustee.
- 19.3 A communication pursuant to Clause 19.1 shall include (a) each request for a decision by the Holders, (b) a description of the reasons for each request, (c) a specification of the Business Day on which a Person must be registered as a Holder in order to be entitled to exercise voting rights, (d) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney, and (e) the stipulated time period within which the Holder must reply to the request (such time period to last at least ten (10) Business Days but not more than twenty (20) Business Days from the communication pursuant to Clause 19.1). If the voting shall be made electronically, instructions for such voting shall be included in the communication.
- 19.4 If the Trustee, in breach of these Terms and Conditions, has not instigated a Written Procedure within five (5) Business Days after having received such notice, the requesting Person may instigate a Written Procedure itself. If the requesting Person is a Holder, the Issuer shall upon request from such Holder provide the Holder with necessary information from the register kept by the CSD.
- 19.5 When the requisite majority consents of the Adjusted Nominal Amount pursuant to Clauses 17.5 and 17.6 have been received in a Written Procedure, the relevant decision shall

be deemed to be adopted pursuant to Clause 17.5 or 17.6, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

20. AMENDMENTS AND WAIVERS

20.1 The Issuer and the Trustee (acting on behalf of the Holders) may agree to amend the Finance Documents or waive any provision in a Finance Document, provided that:

- (a) such amendment or waiver is not detrimental to the interest of the Holders, or is made solely for the purpose of rectifying obvious errors and mistakes;
- (b) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority;
- (c) such amendment or waiver is necessary for the purpose of listing the Bonds on the corporate bond list of Nasdaq Stockholm provided such amendment or waiver does not materially adversely affect the rights of the Holders; or
- (d) such amendment or waiver has been duly approved by the Holders in accordance with Clause 17 (*Decisions by Holders*).

20.2 The consent of the Holders is not necessary to approve the particular form of any amendment or waiver to the Finance Documents. It is sufficient if such consent approves the substance of the amendment or waiver.

20.3 The Trustee shall promptly notify the Holders of any amendments or waivers made in accordance with Clause 20.1, setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to these Terms and Conditions are available on the websites of the Issuer and the Trustee. The Issuer shall ensure that any amendments to these Terms and Conditions are duly registered with the CSD and each other relevant organisation or authority.

20.4 An amendment or waiver to the Finance Documents shall take effect on the date determined by the Holders Meeting, in the Written Procedure or by the Trustee, as the case may be.

21. APPOINTMENT AND REPLACEMENT OF THE TRUSTEE

21.1 Appointment of Trustee

21.1.1 By subscribing for Bonds, each initial Holder appoints the Trustee to act as its agent and security agent in all matters relating to the Bonds and the Finance Documents, and authorises the Trustee to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Bonds held by such Holder, including the winding-up, dissolution, liquidation, company reorganisation (Sw. *företagsrekonstruktion*), or bankruptcy (Sw. *konkurs*) (or its equivalent in any other jurisdiction) of the Issuer. By acquiring Bonds, each subsequent Holder confirms such appointment and authorisation for the Trustee to act on its behalf. The appointment of the Trustee in accordance with Clause 21.1 shall also constitute an appointment of the Trustee as the representative (Da: *Repräsentant*) of each Holder under and in accordance with Chapter 2a of the Danish Securities Trading Act.

- 21.1.2 Each Holder shall immediately upon request by the Trustee provide the Trustee with any such documents, including a written power of attorney (in form and substance satisfactory to the Trustee), as the Trustee deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Trustee is under no obligation to represent a Holder which does not comply with such request.
- 21.1.3 The Issuer shall promptly upon request provide the Trustee with any documents and other assistance (in form and substance satisfactory to the Trustee), that the Trustee deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents.
- 21.1.4 The Trustee is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents and the Trustee's obligations as agent and security agent under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.
- 21.1.5 The Trustee may act as agent and/or security agent for several issues of securities issued by or relating to the Issuer and Group Companies notwithstanding potential conflicts of interest.
- 21.2 **Duties of the Trustee**
 - 21.2.1 The Trustee shall represent the Holders in accordance with the Finance Documents. However, the Trustee is not responsible for the execution or enforceability of the Finance Documents. The Trustee shall keep the latest version of these Terms and Conditions (including any document amending these Terms and Conditions) available on the website of the Trustee.
 - 21.2.2 The Trustee shall upon request by a Holder disclose the identity of any other Holder who has consented to the Trustee in doing so.
 - 21.2.3 When acting in accordance with the Finance Documents, the Trustee is always acting with binding effect on behalf of the Holders. The Trustee shall carry out its duties under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill.
 - 21.2.4 The Trustee is entitled to delegate its duties to other professional parties, but the Trustee shall remain liable for the actions of such parties under the Finance Documents.
 - 21.2.5 The Trustee shall treat all Holders equally and, when acting pursuant to the Finance Documents, act with regard only to the interests of the Holders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other Person, other than as explicitly stated in the Finance Documents.
 - 21.2.6 The Trustee shall be entitled to disclose to the Holders any event or circumstance directly or indirectly relating to the Issuer or the Bonds. Notwithstanding the foregoing, the Trustee may if it considers it to be beneficial to the interests of the Holders delay disclosure or refrain from disclosing certain information other than in respect of an Event of Default that has occurred and is continuing.

- 21.2.7 The Trustee is entitled to engage external experts when carrying out its duties under the Finance Documents. The Issuer shall on demand by the Trustee pay all costs for external experts engaged (a) after the occurrence of an Event of Default, (b) for the purpose of investigating or considering an event which the Trustee reasonably believes is or may lead to an Event of Default or a matter relating to the Issuer which the Trustee reasonably believes may be detrimental to the interests of the Holders under the Finance Documents or (c) when the Trustee is to make a determination under the Finance Documents. Any compensation for damages or other recoveries received by the Trustee from external experts engaged by it for the purpose of carrying out its duties under the Finance Documents shall be distributed in accordance with Clause 16 (*Distribution of proceeds*).
- 21.2.8 The Trustee shall enter into agreements with the CSD, and comply with such agreement and the CSD regulations applicable to the Trustee, as may be necessary in order for the Trustee to carry out its duties under these Terms and Conditions.
- 21.2.9 Notwithstanding any other provision of the Finance Documents to the contrary, the Trustee is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.
- 21.2.10 If in the Trustee's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Trustee) in complying with instructions of the Holders, or taking any action at its own initiative, will not be covered by the Issuer, the Trustee may refrain from acting in accordance with such instructions, or taking such action, until it has received such funding or indemnities (or adequate security has been provided therefore) as it may reasonably require.
- 21.2.11 The Trustee shall give a notice to the Holders (a) before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Trustee under the Finance Documents, or (b) if it refrains from acting for any reason described in Clause 21.2.10.
- 21.3 **Limited liability for the Trustee**
- 21.3.1 The Trustee will not be liable to the Holders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its negligence or wilful misconduct. The Trustee shall never be responsible for indirect loss.
- 21.3.2 The Trustee shall not be considered to have acted negligently if it has acted in accordance with advice from or opinions of reputable external experts engaged by the Trustee or if the Trustee has acted with reasonable care in a situation when the Trustee considers that it is detrimental to the interests of the Holders to delay the action in order to first obtain instructions from the Holders.
- 21.3.3 The Trustee shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to the Finance Documents to be paid by the Trustee to the Holders, provided that the Trustee has taken all necessary steps as soon as

reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Trustee for that purpose.

21.3.4 The Trustee shall have no liability to the Holders for damage caused by the Trustee acting in accordance with instructions of the Holders given in accordance with Clause 17 (*Decisions by Holders*).

21.3.5 Any liability towards the Issuer which is incurred by the Trustee in acting under, or in relation to, the Finance Documents shall not be subject to set-off against the obligations of the Issuer to the Holders under the Finance Documents.

21.4 **Replacement of the Trustee**

21.4.1 Subject to Clause 21.4.6, the Trustee may resign by giving notice to the Issuer and the Holders, in which case the Holders shall appoint a successor Trustee at a Holders' Meeting convened by the retiring Trustee or by way of Written Procedure initiated by the retiring Trustee.

21.4.2 Subject to Clause 21.4.6, if the Trustee is insolvent or becomes subject to bankruptcy proceedings, the Trustee shall be deemed to resign as Trustee and the Issuer shall within ten (10) Business Days appoint a successor Trustee which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.

21.4.3 A Holder (or Holders) representing at least 10.00 per cent. of the Adjusted Nominal Amount may, by notice to the Issuer (such notice may only be validly given by a Person who is a Holder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Holders, be given by them jointly), require that a Holders' Meeting is held for the purpose of dismissing the Trustee and appointing a new Trustee. The Issuer may, at a Holders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Holders that the Trustee be dismissed and a new Trustee appointed.

21.4.4 If the Holders have not appointed a successor Trustee within ninety (90) calendar days after (a) the earlier of the notice of resignation was given or the resignation otherwise took place or (b) the Trustee was dismissed through a decision by the Holders, the Issuer shall appoint a successor Trustee which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.

21.4.5 The retiring Trustee shall, at its own cost, make available to the successor Trustee such documents and records and provide such assistance as the successor Trustee may reasonably request for the purposes of performing its functions as Trustee under the Finance Documents.

21.4.6 The Trustee's resignation or dismissal shall only take effect upon the appointment of a successor Trustee and acceptance by such successor Trustee of such appointment and the execution of all necessary documentation to effectively substitute the retiring Trustee.

21.4.7 Upon the appointment of a successor, the retiring Trustee shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of the Finance Documents and remain liable under the Finance Documents in respect

of any action which it took or failed to take whilst acting as Trustee. Its successor, the Issuer and each of the Holders shall have the same rights and obligations amongst themselves under the Finance Documents as they would have had if such successor had been the original Trustee.

- 21.4.8 In the event that there is a change of the Trustee in accordance with this Clause 21.4, the Issuer shall execute such documents and take such actions as the new Trustee may reasonably require for the purpose of vesting in such new Trustee the rights, powers and obligation of the Trustee and releasing the retiring Trustee from its further obligations under the Finance Documents. Unless the Issuer and the new Trustee agrees otherwise, the new Trustee shall be entitled to the same fees and the same indemnities as the retiring Trustee.

22. APPOINTMENT AND REPLACEMENT OF THE ISSUING AGENT

- 22.1 The Issuer appoints the Issuing Agent to manage certain specified tasks under these Terms and Conditions and in accordance with the legislation, rules and regulations applicable to and/or issued by the CSD and relating to the Bonds.
- 22.2 The Issuing Agent may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has approved that a commercial bank or securities institution approved by the CSD accedes as new Issuing Agent at the same time as the old Issuing Agent retires or is dismissed. If the Issuing Agent is insolvent, the Issuer shall immediately appoint a new Issuing Agent, which shall replace the old Issuing Agent as issuing agent in accordance with these Terms and Conditions.

23. APPOINTMENT AND REPLACEMENT OF THE CSD

- 23.1 The Issuer has appointed the CSD to manage certain tasks under these Terms and Conditions and in accordance with the legislation, rules and regulations applicable to the CSD.
- 23.2 The CSD may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has effectively appointed a replacement CSD that accedes as CSD at the same time as the old CSD retires or is dismissed and provided also that the replacement does not have a negative effect on any Holder or the listing of the Bonds listed on the corporate bond list of Nasdaq Stockholm. The replacing CSD must be authorised to professionally conduct clearing operations pursuant to the Swedish Securities Market Act (Sw. *lag (2007:528) om värdepappersmarknaden*).

24. NO DIRECT ACTIONS BY HOLDERS

- 24.1 A Holder may not take any steps whatsoever against the Issuer, a Subsidiary or any Guarantor to enforce or recover any amount due or owing to it pursuant to the Finance Documents, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation (Sw. *företagsrekonstruktion*) or bankruptcy (Sw. *konkurs*) (or its equivalent in any other jurisdiction) of the Group Companies in relation to any of the liabilities of the Issuer, a Subsidiary or any Guarantor under the Finance Documents.
- 24.2 Clause 24.1 shall not apply if the Trustee has been instructed by the Holders in accordance with the Finance Documents to take certain actions but fails for any reason to take, or is

unable to take (for any reason other than a failure by a Holder to provide documents in accordance with Clause 21.1.2), such actions within a reasonable period of time and such failure or inability is continuing. However, if the failure to take certain actions is caused by the non-payment by the Issuer of any fee or indemnity due to the Trustee under the Finance Documents or by any reason described in Clause 21.2.10, such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 21.2.11 before a Holder may take any action referred to in Clause 24.1.

- 24.3 The provisions of Clause 24.1 shall not in any way limit an individual Holder's right to claim and enforce payments which are due to it under Clause 11.5 (*Mandatory repurchase due to a Change of Control Event (put option)*) or other payments which are due by the Issuer to some but not all Holders.

25. TIME-BAR

- 25.1 The right to receive repayment of the principal of the Bonds shall be time-barred and become void ten (10) years from the relevant Redemption Date. The right to receive payment of Interest (excluding any capitalised Interest) shall be time-barred and become void three (3) years from the relevant due date for payment. The Issuer is entitled to any funds set aside for payments in respect of which the Holders' right to receive payment has been time-barred and has become void.
- 25.2 If a limitation period is duly interrupted in accordance with the Swedish Act on Limitations (Sw. *preskriptionslag (1981:130)*), a new time-bar period of ten (10) years with respect to the right to receive repayment of the principal of the Bonds, and of three (3) years with respect to the right to receive payment of Interest (excluding capitalised Interest) will commence, in both cases calculated from the date of interruption of the time-bar period, as such date is determined pursuant to the provisions of the Swedish Act on Limitations.

26. NOTICES AND PRESS RELEASES

26.1 Notices

- 26.1.1 Any notice or other communication to be made under or in connection with the Finance Documents:
- (a) if to the Trustee, shall be given at the address registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on the Business Day prior to dispatch or, if sent by email by the Issuer, to such email address as notified by the Trustee to the Issuer from time to time;
 - (b) if to the Issuer, shall be given at the address registered with the Swedish Companies Registration Office on the Business Day prior to dispatch or, if sent by email by the Trustee, to such email address as notified by the Issuer to the Trustee from time to time;
 - (c) if to the Guarantors, shall be given to the address stated in the Guarantee or such other address notified by the Guarantor to the Trustee from time to time or, if sent by

email to the Trustee, to such email address as notified by the Guarantor to the Trustee from time to time; and

- (d) if to the Holders, shall be given at their addresses as registered with the CSD, on the Business Day prior to dispatch, and by either courier delivery or letter for all Holders. A notice to the Holders shall also be published on the websites of the Issuer and the Trustee.

26.1.2 Any notice or other communication made by one person to another under or in connection with the Finance Documents shall be sent by way of courier, personal delivery or letter (and, if between the Trustee and the Issuer, by email) and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 26.1.1 or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 26.1.1 or, in case of email to the Trustee or the Issuer, when received in legible form by the email address specified in Clause 26.1.1.

26.1.3 Failure to send a notice or other communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders.

26.2 **Press releases**

26.2.1 Any notice that the Issuer or the Trustee shall send to the Holders pursuant to Clauses 11.3.3, 11.4, 11.5, 11.6.2, 12.11 (e), 15.5, 16.4, 17.16, 18.1, 19.1, 20.3, 21.2.11 and 21.4.1 shall also be published by way of press release by the Issuer or the Trustee, as applicable.

26.2.2 In addition to Clause 26.2.1, if any information relating to the Bonds, the Issuer or the Group contained in a notice that the Trustee may send to the Holders under these Terms and Conditions has not already been made public by way of a press release, the Trustee shall before it sends such information to the Holders give the Issuer the opportunity to issue a press release containing such information. If the Issuer does not promptly issue a press release and the Trustee considers it necessary to issue a press release containing such information before it can lawfully send a notice containing such information to the Holders, the Trustee shall be entitled to issue such press release.

27. **FORCE MAJEURE AND LIMITATION OF LIABILITY**

27.1 Neither the Trustee nor the Issuing Agent shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade or any other similar circumstance (a “**Force Majeure Event**”). The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Trustee or the Issuing Agent itself takes such measures, or is subject to such measures.

27.2 The Issuing Agent shall have no liability to the Holders if it has observed reasonable care. The Issuing Agent shall never be responsible for indirect damage with exception of gross negligence and wilful misconduct.

- 27.3 Should a Force Majeure Event arise which prevents the Trustee or the Issuing Agent from taking any action required to comply with the Finance Documents, such action may be postponed until the obstacle has been removed.
- 27.4 The provisions in this Clause 27 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.
- 28. GOVERNING LAW AND JURISDICTION**
- 28.1 These Terms and Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Sweden.
- 28.2 Any dispute or claim arising in relation to these Terms and Conditions shall, subject to Clause 28.3, be determined by Swedish courts and the District Court of Stockholm shall be the court of first instance.
- 28.3 The submission to the jurisdiction of the Swedish courts shall not limit the right of the Trustee (or the Holders, as applicable) to take proceedings against the Issuer in any court which may otherwise exercise jurisdiction over the Issuer or any of its assets.
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AIRCRAFT TYPE	SERIAL NUMBER	REGISTRATION NUMBER	OWNER	MARKET VALUE SEK
Bond Pledged Aircraft (aircrafts with mortgage)				
BAE ATP	2005	SE-MAM	WAAM	22 080 339
BAE ATP	2006	G-MANO	WAAM	22 080 339
BAE ATP	2007	SE-MHC	WAAM	22 080 339
BAE ATP	2008	G-BUUP	WAAM	22 080 339
B737-300	24546	G-JMCT	WAAM	29 609 650
B737-300	24679	G-JMCM	WAAM	29 609 650
BAE ATP	2010	SE-MAI	WAAM	22 080 339
BAE ATP	2011	SE-MAO	WAAM	22 080 339
BAE ATP	2012	G-BTPE	WAAM	22 080 339
BAE ATP	2013	G-BTPF	WAAM	22 080 339
BAE ATP	2014	SE-MHG	WAAM	22 080 339
BAE ATP	2016	G-BTPJ	WAAM	4 229 950
BAE ATP	2020	SE-LHX	WAAM	19 965 364
BAE ATP	2021	SE-LGZ	WAAM	22 080 339
BAE ATP	2022	SE-LGU	WAAM	4 229 950
BAE ATP	2034	SE-LGV	WAAM	4 229 950
BAE ATP	2035	SE-LGY	WAAM	19 965 364
BAE ATP	2036	SE-LGX	WAAM	19 965 364
BAE ATP	2037	SE-MAP	WAAM	22 080 339
BAE ATP	2038	SE-MAJ	WAAM	22 080 339
BAE ATP	2042	G-BTPL	WAAM	4 229 950
BAE ATP	2051	G-OBWP	WAAM	4 229 950
BAE ATP	2054	G-MANC	WAAM	4 229 950
BAE ATP	2056	SE-KXP	WAAM	22 080 339
BAE ATP	2058	SE-LPT	WAAM	19 965 364
BAE ATP	2059	SE-LHZ	WAAM	19 965 364
BAE ATP	2060	SE-LPU	WAAM	19 965 364
BAE ATP	2061	SE-LNX	WAAM	19 965 364
BAE ATP	2063	SE-LPX	WAAM	19 965 364
B737-400	24903	OY-JTK	WAAM	49 490 415
Swedish Unmortgaged Aircraft				
BAE ATP	2002	SE-MAF	WAAM	19 965 364
BAE ATP	2004	SE-MAH	WAAM	19 965 364
BAE ATP	2031	SE-MEG	WAAM	4 229 950
BAE ATP	2044	SE-MAY	WAAM	19 965 364
BAE ATP	2053	SE-MAR	WAAM	19 965 364
CRJ200	7142	SE-RIF	WAAM	18 611 780

Please note that the market value of the aircrafts is the market value after conversion from USD to SEK at a certain exchange rate.

Guarantees**Guarantee**

issued by

The Guarantors

in favour of

The Secured Parties

represented by

Nordic Trustee & Agency AB (publ)

on 28 December 2015

1 Parties

- 1.1 West Atlantic Aircraft Management AB reg.no. 556609-4800, P.O. Box 5433, SE-402 29 Gothenburg, Sweden; and West Atlantic Sweden AB reg. no. 556062-4420, P.O. Box 5433, SE-402 29 Stockholm, Sweden (the “**Guarantors**”).
- 1.2 Nordic Trustee & Agency AB (publ), reg. no. 556882-1879 (the “**Trustee**”), P.O. Box 7329, SE-103 90 Stockholm, Sweden, acting on its own behalf and in its capacity as agent and security agent representing the Secured Parties from time to time.

2 Date of guarantee

This guarantee (this “**Guarantee**”) is issued by the Guarantors in favour of the Secured Parties as represented by the Trustee on or about the First Issue Date of the Bonds.

3 Definitions and interpretation

3.1 Definitions

- 3.1.1 In this Guarantee the following capitalised terms shall have the meanings set forth below.

“ <i>Guarantors</i> ”	West Atlantic Aircraft Management AB and West Atlantic Sweden AB (each a “ Guarantor ”).
“ <i>Obligor</i> ”	means the Issuer and each Guarantor.
“ <i>Guaranteed Documents</i> ”	mean the Finance Documents as defined in the Terms and Conditions.
“ <i>Guaranteed Obligations</i> ”	mean all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Obligor (and/or any Group Company providing security) to the Secured Parties (or any of them) under each Guaranteed Document, together with all costs, charges and expenses incurred by any Secured Party in connection with the protection, preservation or enforcement of its respective rights under the Guaranteed Documents, or any other document evidencing or securing any such liabilities.
“ <i>Secured Parties</i> ”	mean the Trustee and the Holders.
“ <i>Terms and Conditions</i> ”	means the terms and conditions for the maximum SEK 1,350,000,000 senior secured callable fixed rate bonds 2015/2019, with ISIN SE0007783840, issued by West Atlantic AB (publ) reg. no.556503-6083, on or about the date of this Guarantee by which West Atlantic AB (publ) and the Trustee have accepted to be bound on or about the date of this Guarantee, as amended from time to time.

- 3.1.2 Terms defined in the Terms and Conditions have the same meaning when used in this Guarantee unless otherwise defined in this Guarantee.

3.2 Interpretation

- 3.2.1 Save where the contrary intention appears, a reference in this Guarantee to any of the Guaranteed Documents or any other document shall be construed as a reference to such Guaranteed Document or such other document as amended, varied, novated, assigned, supplemented or restated from time to time, as the case may be, in accordance with its terms.
- 3.2.2 Save where the contrary intention appears, a reference in this Guarantee to any person or entity shall include any successor, assignee or transferee of such person or entity.

4 Guarantee

Each Guarantor hereby unconditionally and irrevocably, jointly and severally, guarantees to each Secured Party, as represented by the Trustee, as for its own debt (Sw. "*såsom för egen skuld*") the full and punctual payment by the Obligor of the Guaranteed Obligations.

5 Guarantee limitations

The obligations and liabilities of and the guarantee under this Guarantee shall be limited if (and only if) required by the provisions of the Swedish Companies Act (*aktiebolagslagen (2005:551)*) regulating value transfers (Chapter 17, Section 1-4) and prohibited loans and security (Chapter 21, Section 1, 3 and 5). It is understood that the obligations and liabilities of and the guarantee issued by the Guarantors under this Guarantee only apply to the extent permitted by the above mentioned provisions of the Swedish Companies Act.

6 Payment

- 6.1 Each Guarantor shall immediately upon demand make any payment due under this Guarantee to the Trustee as representative for the Secured Parties.
- 6.2 All moneys received by the Trustee, or its designee, in exercise of the rights under this Guarantee shall be applied by the Trustee in discharge of the Guaranteed Obligations in accordance with the terms of the Terms and Conditions.
- 6.3 All payments by a Guarantor under this Guarantee must be made without set-off or counterclaim and without any deduction or withholding for tax or otherwise, unless the deduction or withholding is required by law. If any deduction or withholding is required to be made, the amount of the payment due from the Guarantor will be increased to an amount which (after making the deduction or withholding) leaves an amount equal to the payment which would have been due if no deduction or withholding had been required.

7 Continuing Guarantee

- 7.1 Subject to Clause 10, this Guarantee shall be a continuing guarantee and shall not be affected in any way by any variation, extension, waiver, compromise, release or discharge in whole or in part of the Guaranteed Obligations, any Guaranteed Document or of any security or guarantee from time to time therefore. To the extent it can be avoided by any action of the relevant Guarantor or otherwise, this Guarantee shall not be affected by any change in the laws, rules or regulations of any jurisdiction or by any present or future action of any governmental authority or court.

- 7.2 This Guarantee shall be in addition to and independent of any other guarantee, pledge or other security given or held by the Trustee or any other Secured Party in respect of the Guaranteed Obligations.

8 Immediate recourse

Each Guarantor waives any right it may have of first requiring any Secured Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from that Guarantor under this Guarantee. This waiver applies irrespective of any law or any provision of a Guaranteed Document to the contrary.

9 Waiver

Until the Guaranteed Obligations have been irrevocably paid in full, each Guarantor undertakes not to exercise any right:

- (a) of recourse or subrogation;
- (b) to be indemnified by an Obligor; or
- (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Secured Parties or of any guarantee or other security taken pursuant to, or in connection with, the Guaranteed Documents by any Secured Party,

it may have by reason of performance of its obligations under this Guarantee.

10 Release

When all the Guaranteed Obligations have been duly and irrevocably paid and discharged in full or if the release of this Guarantee is otherwise required under the Terms and Conditions, the Trustee shall, upon the Issuer's written request and expense, promptly release each Guarantor from its obligations under this Guarantee.

11 Costs and expenses

All costs and expenses (including legal fees and other out of pocket expenses and value added tax or other similar tax thereon) reasonably incurred by the Trustee in connection with (i) the execution, preservation or enforcement of this Guarantee, and (ii) any amendment, consent, suspension or release of rights (or any proposal for the same) requested by a Guarantor relating to this Guarantee shall be borne by the relevant Guarantor and each Guarantor shall upon demand indemnify and hold the Trustee harmless in respect of such reasonable costs and expenses.

12 Assignments

- 12.1 Each Holder may assign and transfer all of its rights and obligations (if any) under this Guarantee in connection with an assignment or transfer of Bonds.
- 12.2 The Trustee may assign and transfer all or a part of its rights and obligations under this Guarantee to any assignee or successor appointed in accordance with the Terms and Conditions.

12.3 For the avoidance of doubt, any assignment or transfer of all rights and obligations under the Guaranteed Documents made by the Trustee or any other Secured Party in accordance with such Guaranteed Documents shall take effect as an assignment and assumption and transfer of all such Secured Party's rights and obligations under this Guarantee.

12.4 No Guarantor may assign or transfer any part of its rights, benefits or obligations under this Guarantee.

13 Notices

13.1 All notices and communications to be made under or in connection with this Guarantee shall be made in accordance with the terms of the Terms and Conditions and this Clause.

13.2 The address and email address (and the department or officer, if any, for whose attention the communication is to be made) of each party for any communication or document to be made or delivered under or in connection with this Guarantee is:

The Guarantors: West Atlantic AB (publ)
P.O. Box 5433
SE-402 29 Gothenburg
Sweden
Email: gustaf.thureborn@westatlantic.eu
Attention: Gustaf Thureborn

Trustee: Nordic Trustee & Agency AB (publ)
P.O. Box 7329
SE-103 90 Stockholm
Sweden
Email: mail@nordictrustee.se

or any substitute address, email address or department or officer as one party may notify to the other from time to time.

13.3 Any notice or other communication made by one party to another under or in connection with this Guarantee will only be effective:

- (a) in case of courier or personal delivery, when it has been left at the address specified in this Guarantee;
- (b) in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in this Guarantee; or
- (c) in case of email, when received in legible form by the email address specified in this Guarantee.

14 Miscellaneous

14.1 No delay or omission in exercising any powers or privileges under this Guarantee shall be construed as a waiver thereof. Any exercise of any part of the rights shall not preclude subsequent enforcement of any such rights which have not, or have not fully, been exercised.

14.2 No amendment to this Guarantee shall be effective against any party unless made in writing and signed by each of the parties hereto.

15 Governing law and jurisdiction

- 15.1 This Guarantee shall be governed by and construed in accordance with Swedish law.
- 15.2 Subject to Clause 15.3, the courts of Sweden shall have exclusive jurisdiction over matters arising out of or in connection with this Guarantee. The District Court of Stockholm (Sw. *Stockholms tingsrätt*) shall be the court of first instance.
- 15.3 The submission to the jurisdiction of the Swedish courts shall not limit the right of the Trustee or any other Secured Party to take proceedings against a Guarantor in any court which may otherwise exercise jurisdiction over the relevant Guarantor or any of its assets.
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Addresses

Issuer and Company

West Atlantic AB (publ)
P.O. Box 5433
SE-402 29 Gothenburg
Sweden
Tel: + 46 (0)10-452 95 00
Web page: www.westatlantic.eu

Auditor

Grant Thornton
P.O. Box 2230
SE-403 14 Gothenburg
Sweden
Tel: + 46 (0)8-563 070 00
Web page: www.grantthornton.se

Issuing Agent

Pareto Securities AB
P.O. Box 7415
SE-103 91 Stockholm
Tel: + 46 (0)8-402 50 00
Web page: www.paretosec.com

Trustee

Nordic Trustee & Agency AB (publ)
P.O. Box 7329
SE-103 90 Stockholm
Sweden
Tel: +46 (0)8-783 79 00
Web page: www.nordictrustee.com

West Atlantic Aircraft Management AB

West Atlantic Aircraft Management AB
P.O. Box 5433
SE-402 29 Gothenburg
Sweden
Tel: + 46 (0)10-452 95 00
Web page: www.westatlantic.eu

West Atlantic Sweden AB

West Atlantic Sweden AB
P.O. Box 5433
SE-402 29 Gothenburg
Sweden
Tel: + 46 (0)10-452 95 00
Web page: www.westatlantic.eu

Central securities depository

Euroclear Sweden AB
Klarabergsviadukten 63
P.O. Box 191
SE-101 23 Stockholm
Sweden
Tel: +46 (0)8-402 90 00
Web page: www.euroclear.com

Legal advisor

Gernandt & Danielsson Advokatbyrå KB
P.O. Box 5747
SE-114 87 Stockholm
Sweden
Tel +46 (0)8-670 66 00
Web page: www.gda.se