**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-Q**

|  |  |
| --- | --- |
|  |  |
| ☒ | **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934** |

**For the quarterly period ended March 31, 2021**

**or**

|  |  |
| --- | --- |
|  |  |
| ☐ | **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**    **For the transition period from                     to** |

**Commission File No.: 001-12933**

**AUTOLIV, INC.**

**(Exact name of registrant as specified in its charter)**

|  |  |  |
| --- | --- | --- |
| **Delaware** |  | **51-0378542** |
| **(State or other jurisdiction of** |  | **(I.R.S. Employer** |
| **incorporation or organization)** |  | **Identification No.)** |
|  |  |  |
| **Klarabergsviadukten 70, Section B7** |  |  |
| **Box 70381,** |  |  |
| **Stockholm, Sweden** |  | **SE-107 24** |
| **(Address of principal executive offices)** |  | **(Zip Code)** |

**+46 8 587 20 600**

**(Registrant’s telephone number, including area code)**

Securities registered pursuant to Section 12(b) of the Act:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Title of each class |  | Trading Symbol(s) |  | Name of each exchange on which registered |
| Common Stock (par value $1.00 per share) |  | ALV |  | New York Stock Exchange |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes: ☒ No: ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes: ☒ No: ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

|  |  |  |  |
| --- | --- | --- | --- |
| Large accelerated filer | ☒ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☐ |
| Emerging growth company | ☐ |  |  |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes: ☐ No: ☒

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: As of April 19, 2021, there were 87,422,350 shares of common stock of Autoliv, Inc., par value $1.00 per share, outstanding.

**FORWARD-LOOKING STATEMENTS**

This Quarterly Report on Form 10-Q contains statements that are not historical facts but rather forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include those that address activities, events or developments that Autoliv, Inc. (“Autoliv,” the “Company” or “we”) or its management believes or anticipates may occur in the future. All forward-looking statements are based upon our current expectations, various assumptions and/or data available from third parties. Our expectations and assumptions are expressed in good faith and we believe there is a reasonable basis for them. However, there can be no assurance that such forward-looking statements will materialize or prove to be correct as forward-looking statements are inherently subject to known and unknown risks, uncertainties and other factors which may cause actual future results, performance or achievements to differ materially from the future results, performance or achievements expressed in or implied by such forward-looking statements.

In some cases, you can identify these statements by forward-looking words such as “estimates,” “expects,” “anticipates,” “projects,” “plans,” “intends,” “believes,” “may,” “likely,” “might,” “would,” “should,” “could,” or the negative of these terms and other comparable terminology, although not all forward-looking statements contain such words.

Because these forward-looking statements involve risks and uncertainties, the outcome could differ materially from those set out in the forward-looking statements for a variety of reasons, including without limitation: general economic conditions; the impacts of the coronavirus (COVID-19) pandemic on the Company’s financial condition, business operations, operating costs, liquidity, competition and the global economy; changes in light vehicle production; fluctuation in vehicle production schedules for which the Company is a supplier; supply chain disruptions and component shortages impacting the Company or the automotive industry; changes in general industry and market conditions or regional growth or decline; changes in and the successful execution of our capacity alignment: restructuring and cost reduction and efficiency initiatives and the market reaction thereto; loss of business from increased competition; higher raw material, fuel and energy costs; changes in consumer and customer preferences for end products; customer losses; changes in regulatory conditions; customer bankruptcies, consolidations or restructuring or divestiture of customer brands; unfavorable fluctuations in currencies or interest rates among the various jurisdictions in which we operate; component shortages; market acceptance of our new products; costs or difficulties related to the integration of any new or acquired businesses and technologies; continued uncertainty in pricing negotiations with customers; successful integration of acquisitions and operations of joint ventures; successful implementation of strategic partnerships and collaborations; our ability to be awarded new business; product liability, warranty and recall claims and investigations and other litigation and customer reactions thereto; higher expenses for our pension and other postretirement benefits, including higher funding needs for our pension plans; work stoppages or other labor issues; possible adverse results of pending or future litigation or infringement claims; our ability to protect our intellectual property rights; negative impacts of antitrust investigations or other governmental investigations and associated litigation relating to the conduct of our business; tax assessments by governmental authorities and changes in our effective tax rate; dependence on key personnel; legislative or regulatory changes impacting or limiting our business; political conditions; dependence on and relationships with customers and suppliers; and other risks and uncertainties identified in Item 1A “Risk Factors” of this Quarterly Report on Form 10-Q, Item 1A “Risk Factors” and Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the year ended December 31, 2020 filed with the SEC on February 19, 2021.

For any forward-looking statements contained in this or any other document, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and we assume no obligation to update publicly or revise any forward-looking statements in light of new information or future events, except as required by law.

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**PART I - FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

**CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**

**(Dollars in millions, except per share data)**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Three months ended March 31** | | | | | |  |
|  |  | **2021** | |  |  | **2020** | |  |
| **Net sales** |  | **$** | **2,242** |  |  | **$** | **1,846** |  |
| Cost of sales |  |  | (1,784 | ) |  |  | (1,515 | ) |
| **Gross profit** |  |  | **458** |  |  |  | **331** |  |
| Selling, general and administrative expenses |  |  | (108 | ) |  |  | (93 | ) |
| Research, development and engineering expenses, net |  |  | (107 | ) |  |  | (103 | ) |
| Amortization of intangibles |  |  | (3 | ) |  |  | (3 | ) |
| Other income (expense), net |  |  | (4 | ) |  |  | 2 |  |
| **Operating income** |  |  | **237** |  |  |  | **134** |  |
| Income from equity method investment |  |  | 2 |  |  |  | 0 |  |
| Interest income |  |  | 1 |  |  |  | 1 |  |
| Interest expense |  |  | (16 | ) |  |  | (16 | ) |
| Other non-operating items, net |  |  | (6 | ) |  |  | (8 | ) |
| **Income before income taxes** |  |  | **217** |  |  |  | **111** |  |
| Income tax expense |  |  | (60 | ) |  |  | (36 | ) |
| **Net income** |  |  | **157** |  |  |  | **75** |  |
| Less: Net income attributable to non-controlling interest |  |  | 0 |  |  |  | 0 |  |
| **Net income attributable to controlling interest** |  | **$** | **157** |  |  | **$** | **75** |  |
|  |  |  |  |  |  |  |  |  |
| **Net earnings per share  –  basic** 1) |  | **$** | **1.79** |  |  | **$** | **0.86** |  |
| **Net earnings per share  –  diluted** 1) |  | **$** | **1.79** |  |  | **$** | **0.86** |  |
|  |  |  |  |  |  |  |  |  |
| **Weighted average number of shares outstanding, net of**  **treasury shares (in millions)** |  |  | **87.4** |  |  |  | **87.3** |  |
| **Weighted average number of shares outstanding,**  **assuming dilution and net of treasury**  **shares (in millions)** |  |  | **87.6** |  |  |  | **87.4** |  |
|  |  |  |  |  |  |  |  |  |
| **Cash dividend per share – declared** 2) |  | **$** | **—** |  |  | **$** | **0.62** |  |
| **Cash dividend per share – paid** |  | **$** | **—** |  |  | **$** | **0.62** |  |

|  |  |
| --- | --- |
| 1) | Participating share awards with the right to receive dividend equivalents are (under the two-class method) excluded from the earnings per share calculation (see Note 11 to the unaudited condensed consolidated financial statements). |
| 2) | As earlier communicated, on April 2, 2020, the Company announced it canceled its declared dividend for the second quarter of 2020. |

See Notes to the unaudited Condensed Consolidated Financial Statements.

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**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)**

**(Dollars in millions)**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Three months ended March 31** | | | | | |  |
|  |  | **2021** | |  |  | **2020** | |  |
| **Net income** |  | **$** | **157** |  |  | **$** | **75** |  |
| *Other comprehensive income (loss) before tax:* |  |  |  |  |  |  |  |  |
| Change in cumulative translation adjustments |  |  | (64 | ) |  |  | (102 | ) |
| Net change in unrealized components of defined benefit plans |  |  | 1 |  |  |  | 1 |  |
| **Other comprehensive loss, before tax** |  |  | **(63** | **)** |  |  | **(101** | **)** |
| Tax effect allocated to other comprehensive loss |  |  | 0 |  |  |  | 0 |  |
| **Other comprehensive loss, net of tax** |  |  | **(63** | **)** |  |  | **(101** | **)** |
| **Comprehensive income (loss)** |  |  | **94** |  |  |  | **(26** | **)** |
| Less: Comprehensive income attributable to     non-controlling interest |  |  | 0 |  |  |  | 0 |  |
| **Comprehensive income (loss) attributable to**  **controlling interest** |  | **$** | **94** |  |  | **$** | **(26** | **)** |

See Notes to the unaudited Condensed Consolidated Financial Statements.

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**CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

**(Dollars in millions)**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **As of** | | | | | |  |
|  |  | **March 31, 2021** | |  |  | **December 31, 2020** | |  |
| **Assets** |  |  |  |  |  |  |  |  |
| Cash and cash equivalents |  | $ | 1,254 |  |  | $ | 1,178 |  |
| Receivables, net |  |  | 1,846 |  |  |  | 1,822 |  |
| Inventories, net |  |  | 856 |  |  |  | 798 |  |
| Prepaid expenses and accrued income |  |  | 183 |  |  |  | 164 |  |
| Other current assets |  |  | 260 |  |  |  | 307 |  |
| **Total current assets** |  |  | **4,399** |  |  |  | **4,269** |  |
| Property, plant and equipment, net |  |  | 1,810 |  |  |  | 1,869 |  |
| Operating lease right-of-use assets |  |  | 137 |  |  |  | 141 |  |
| Goodwill |  |  | 1,392 |  |  |  | 1,398 |  |
| Intangible assets, net |  |  | 14 |  |  |  | 14 |  |
| Other non-current assets |  |  | 457 |  |  |  | 466 |  |
| **Total assets** |  | **$** | **8,210** |  |  | **$** | **8,157** |  |
|  |  |  |  |  |  |  |  |  |
| **Liabilities and equity** |  |  |  |  |  |  |  |  |
| Short-term debt |  | $ | 291 |  |  | $ | 302 |  |
| Accounts payable |  |  | 1,215 |  |  |  | 1,254 |  |
| Accrued expenses |  |  | 1,323 |  |  |  | 1,270 |  |
| Operating lease liabilities - current |  |  | 38 |  |  |  | 37 |  |
| Other current liabilities |  |  | 321 |  |  |  | 284 |  |
| **Total current liabilities** |  |  | **3,188** |  |  |  | **3,147** |  |
| Long-term debt |  |  | 2,039 |  |  |  | 2,110 |  |
| Pension liability |  |  | 239 |  |  |  | 248 |  |
| Operating lease liabilities - non-current |  |  | 100 |  |  |  | 103 |  |
| Other non-current liabilities |  |  | 123 |  |  |  | 126 |  |
| **Total non-current liabilities** |  |  | **2,501** |  |  |  | **2,587** |  |
| Common stock |  |  | 103 |  |  |  | 103 |  |
| Additional paid-in capital |  |  | 1,329 |  |  |  | 1,329 |  |
| Retained earnings |  |  | 2,628 |  |  |  | 2,471 |  |
| Accumulated other comprehensive loss |  |  | (410 | ) |  |  | (347 | ) |
| Treasury stock |  |  | (1,143 | ) |  |  | (1,147 | ) |
| **Total controlling interest's equity** |  |  | **2,507** |  |  |  | **2,409** |  |
| Non-controlling interest |  |  | 14 |  |  |  | 14 |  |
| **Total equity** |  |  | **2,521** |  |  |  | **2,423** |  |
| **Total liabilities and equity** |  | **$** | **8,210** |  |  | **$** | **8,157** |  |

See Notes to the unaudited condensed consolidated financial statements.

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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

**(Dollars in millions)**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Three months ended March 31** | | | | | |  |
|  |  | **2021** | |  |  | **2020** | |  |
| **Operating activities** |  |  |  |  |  |  |  |  |
| Net income |  | $ | 157 |  |  | $ | 75 |  |
| *Adjustments to reconcile net income to cash provided by*  *operating activities:* |  |  |  |  |  |  |  |  |
| Depreciation and amortization |  |  | 99 |  |  |  | 89 |  |
| Other, net |  |  | 19 |  |  |  | 11 |  |
| *Change in operating working capital:* |  |  |  |  |  |  |  |  |
| Net change in operating assets and liabilities |  |  | (89 | ) |  |  | (19 | ) |
| **Net cash provided by operating activities** |  |  | **186** |  |  |  | **156** |  |
|  |  |  |  |  |  |  |  |  |
| **Investing activities** |  |  |  |  |  |  |  |  |
| Expenditures for property, plant and equipment |  |  | (94 | ) |  |  | (89 | ) |
| Proceeds from sale of property, plant and equipment |  |  | 1 |  |  |  | 1 |  |
| **Net cash used in investing activities** |  |  | **(93** | **)** |  |  | **(88** | **)** |
|  |  |  |  |  |  |  |  |  |
| **Financing activities** |  |  |  |  |  |  |  |  |
| Net increase (decrease) in short-term debt |  |  | 47 |  |  |  | (27 | ) |
| Issuance of long-term debt |  |  | — |  |  |  | 500 |  |
| Decrease in long-term debt |  |  | (26 | ) |  |  | — |  |
| Dividends paid |  |  | — |  |  |  | (54 | ) |
| Common stock options exercised |  |  | 1 |  |  |  | 0 |  |
| **Net cash provided by financing activities** |  |  | **22** |  |  |  | **419** |  |
| Effect of exchange rate changes on cash and cash equivalents |  |  | (39 | ) |  |  | (24 | ) |
| **Increase in cash and cash equivalents** |  |  | **76** |  |  |  | **463** |  |
| Cash and cash equivalents at beginning of period |  |  | 1,178 |  |  |  | 445 |  |
| **Cash and cash equivalents at end of period** |  | **$** | **1,254** |  |  | **$** | **907** |  |

See Notes to unaudited condensed consolidated financial statements.

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**CONSOLIDATED STATEMENTS OF TOTAL EQUITY (UNAUDITED)**

**(Dollars in millions)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Common**  **stock** | |  |  | **Additional**  **paid-in**  **capital** | |  |  | **Retained**  **earnings** | |  |  | **Accumulated**  **other**  **comprehensive**  **loss** | |  |  | **Treasury**  **stock** | |  |  | **Total**  **controlling**  **interest's**  **equity** | |  |  | **Non-**  **controlling**  **interest** | |  |  | **Total**  **equity** | |  |
| **Balances at December 31, 2020** | **$** | **103** |  |  | **$** | **1,329** |  |  | **$** | **2,471** |  |  | **$** | **(347** | **)** |  | **$** | **(1,147** | **)** |  | **$** | **2,409** |  |  | **$** | **14** |  |  | **$** | **2,423** |  |
| *Comprehensive Income (loss):* |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income |  |  |  |  |  |  |  |  |  | 157 |  |  |  |  |  |  |  |  |  |  |  | 157 |  |  |  | 0 |  |  |  | 157 |  |
| Foreign currency translation     adjustment |  |  |  |  |  |  |  |  |  |  |  |  |  | (64 | ) |  |  |  |  |  |  | (64 | ) |  |  | 0 |  |  |  | (64 | ) |
| Pension liability |  |  |  |  |  |  |  |  |  |  |  |  |  | 1 |  |  |  |  |  |  |  | 1 |  |  |  | — |  |  |  | 1 |  |
| *Total Comprehensive Income (loss)* |  | *—* |  |  |  | *—* |  |  |  | *157* |  |  |  | *(63* | *)* |  |  | *—* |  |  |  | *94* |  |  |  | *0* |  |  |  | *94* |  |
| Stock-based compensation |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 4 |  |  |  | 4 |  |  |  |  |  |  |  | 4 |  |
| **Balances at March 31, 2021** |  | **103** |  |  |  | **1,329** |  |  |  | **2,628** |  |  |  | **(410** | **)** |  |  | **(1,143** | **)** |  |  | **2,507** |  |  |  | **14** |  |  |  | **2,521** |  |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Common**  **stock** | |  |  | **Additional**  **paid-in**  **capital** | |  |  | **Retained**  **earnings** | |  |  | **Accumulated**  **other**  **comprehensive**  **loss** | |  |  | **Treasury**  **stock** | |  |  | **Total**  **controlling**  **interest's**  **equity** | |  |  | **Non-**  **controlling**  **interest** | |  |  | **Total**  **equity** | |  |
| **Balances at December 31, 2019** | **$** | **103** |  |  | **$** | **1,329** |  |  | **$** | **2,284** |  |  | **$** | **(449** | **)** |  | **$** | **(1,158** | **)** |  | **$** | **2,109** |  |  | **$** | **13** |  |  | **$** | **2,122** |  |
| *Comprehensive Income:* |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income |  |  |  |  |  |  |  |  |  | 75 |  |  |  |  |  |  |  |  |  |  |  | 75 |  |  |  | 0 |  |  |  | 75 |  |
| Foreign currency translation     adjustment |  |  |  |  |  |  |  |  |  |  |  |  |  | (102 | ) |  |  |  |  |  |  | (102 | ) |  |  | (0 | ) |  |  | (102 | ) |
| Pension liability |  |  |  |  |  |  |  |  |  | — |  |  |  | 1 |  |  |  |  |  |  |  | 1 |  |  |  |  |  |  |  | 1 |  |
| *Total Comprehensive Income* |  | *—* |  |  |  | *—* |  |  | *75* | |  |  |  | *(101* | *)* |  |  | *—* |  |  |  | *(26* | *)* |  |  | *(0* | *)* |  |  | *(26* | *)* |
| Stock-based compensation |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 2 |  |  |  | 2 |  |  |  |  |  |  |  | 2 |  |
| Cash dividends declared 1) |  |  |  |  |  |  |  |  |  | (54 | ) |  |  |  |  |  |  |  |  |  |  | (54 | ) |  |  |  |  |  |  | (54 | ) |
| **Balances at March 31, 2020** |  | **103** |  |  |  | **1,329** |  |  |  | **2,305** |  |  |  | **(550** | **)** |  |  | **(1,156** | **)** |  |  | **2,031** |  |  |  | **13** |  |  |  | **2,044** |  |

|  |  |
| --- | --- |
| 1) | Reversal of canceled dividend declared for the second quarter of 2020 which was announced by the Company on April 2, 2020. |

See Notes to the unaudited Condensed Consolidated Financial Statements.

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**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**(Unless otherwise noted, all amounts are presented in millions of dollars, except for per share amounts)**

**March 31, 2021**

**1. BASIS OF PRESENTATION**

The accompanying interim unaudited condensed consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles (U.S. GAAP) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all the information and footnotes required by U.S. GAAP for complete consolidated financial statements. The unaudited condensed consolidated financial statements have been prepared on the same basis as the prior year audited consolidated financial statements and all adjustments considered necessary for a fair presentation have been included in the consolidated financial statements. All such adjustments are of a normal recurring nature. The results for the interim period are not necessarily indicative of the results to be expected for any future period or for the fiscal year ending December 31, 2021.

The Condensed Consolidated Balance Sheet at December 31, 2020 has been derived from the audited consolidated financial statements at that date but does not include all the information and footnotes required by U.S. GAAP for complete consolidated financial statements.

The Company has one reportable segment, which includes Autoliv’s airbag and seatbelt products and components.

Certain amounts in the condensed consolidated financial statements and associated notes may not reconcile due to rounding. All percentages have been calculated using unrounded amounts. Certain amounts in prior periods have been reclassified to conform to current year presentation.

Statements in this report that are not of historical fact are forward-looking statements that involve risks and uncertainties that could affect the actual results of the Company. A description of the important factors that could cause Autoliv’s actual results to differ materially from the forward-looking statements contained in this report may be found in this report and Autoliv’s other reports filed with the Securities and Exchange Commission (the SEC). For further information, refer to the consolidated financial statements, footnotes and definitions thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on February 19, 2021.

**2. NEW ACCOUNTING STANDARDS**

Changes to U.S. GAAP are established by the Financial Accounting Standards Board (FASB) in the form of accounting standards updates (ASUs) to the FASB’s Accounting Standards Codification (ASC).

The Company considers the applicability and impact of all ASUs. ASUs not listed below were assessed and determined to be either not applicable or are expected to have an immaterial impact on the Company’s consolidated financial statements.

**Adoption of new accounting standards**

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740), Simplifying the Accounting for Income Taxes*, which simplifies the accounting for income taxes. ASU 2019-12 is effective for public business entities for annual periods beginning after December 15, 2020, and early adoption is permitted. The amendments related to changes in ownership of foreign equity method investments or foreign subsidiaries should be applied on a modified retrospective basis through a cumulative-effect adjustment to retained earnings as of the beginning of the fiscal year of adoption. The Company adopted ASU 2019-12 prospectively as of January 1, 2021 and the adoption did not have a material impact on the Company’s consolidated financial statements.

**Accounting standards issued but not yet adopted**

None that are expected to have an impact on the Company.

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**3. FAIR VALUE MEASUREMENTS**

**Assets and liabilities measured at fair value on a recurring basis**

The carrying value of cash and cash equivalents, accounts receivable, accounts payable, short-term debt and other current financial assets and liabilities approximate their fair value because of the short-term maturity of these instruments.

The Company uses derivative financial instruments (“derivatives”) as part of its debt management to mitigate the market risk that occurs from its exposure to changes in interest rates and foreign exchange rates. The Company does not enter into derivatives for trading or other speculative purposes. The Company’s use of derivatives is in accordance with the strategies contained in the Company’s overall financial policy. All derivatives are recognized in the consolidated financial statements at fair value. For certain derivatives, hedge accounting is not applied either because non-hedge accounting treatment creates the same accounting result or the hedge does not meet the hedge accounting requirements, although entered into applying the same rationale concerning mitigating market risk that occurs from changes in interest rates and foreign exchange rates.

The degree of judgment utilized in measuring the fair value of the instruments generally correlates to the level of pricing observability. Pricing observability is impacted by several factors, including the type of asset or liability, whether the asset or liability has an established market and the characteristics specific to the transaction. Instruments with readily active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of pricing observability and a lesser degree of judgment utilized in measuring fair value. Conversely, assets rarely traded or not quoted will generally have less, or no, pricing observability and a higher degree of judgment utilized in measuring fair value.

All the Company’s derivatives are classified as Level 2 financial instruments in the fair value hierarchy. Level 2 pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reported date. The nature of these assets and liabilities include items for which quoted prices are available but traded less frequently, and items that are fair valued using other financial instruments, the parameters of which can be directly observed.

The tables below present information about the Company’s derivative financial assets and liabilities measured at fair value on a recurring basis (dollars in millions). The carrying value is the same as the fair value as these instruments are recognized in the consolidated financial statements at fair value. Although the Company is party to close-out netting agreements (ISDA agreements) with all derivative counterparties, the fair values in the tables below and in the Condensed Consolidated Balance Sheets at March 31, 2021 and December 31, 2020 have been presented on a gross basis. According to the close-out netting agreements, transaction amounts payable to a counterparty on the same date and in the same currency can be netted. The amounts subject to netting agreements that the Company chose not to offset are presented below.

**Derivatives designated as hedging instruments**

There were no derivatives designated as hedging instruments as of March 31, 2021 and December 31, 2020 related to the operations.

**Derivatives not designated as hedging instruments**

Derivatives not designated as hedging instruments relate to economic hedges and are marked to market with all amounts recognized in the Consolidated Statements of Income. The derivatives not designated as hedging instruments outstanding at March 31, 2021 and December 31, 2020 were foreign exchange swaps.

For the three month periods ended March 31, 2021 and March 31, 2020, the gains and losses recognized in other non-operating items, net were a loss of $58 million and a loss of $9 million, respectively, for derivative instruments not designated as hedging instruments.

For the three month periods ended March 31, 2021 and March 31, 2020, the gains and losses recognized as interest expense were immaterial.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **March 31, 2021** | | | | | | | | | |  |  |  | **December 31, 2020** | | | | | | | | | |  |  |
|  |  |  |  |  |  | **Fair Value Measurements** | | | | | |  |  |  |  |  |  |  | **Fair Value Measurements** | | | | | |  |  |
| **Description** |  | **Nominal**  **volume** | |  |  | **Derivative**  **asset**  **(Other**  **current assets)** | |  |  | **Derivative**  **liability**  **(Other**  **current**  **liabilities)** | |  |  |  | **Nominal**  **volume** | |  |  | **Derivative**  **asset**  **(Other**  **current assets)** | |  |  | **Derivative**  **liability**  **(Other**  **current**  **liabilities)** | |  |  |
| **Derivatives not designated as hedging**  **instruments** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Foreign exchange swaps, less     than 6 months |  | $ | 1,531 |  | 1) | $ | 1 |  | 2) | $ | 37 |  | 3) |  | $ | 1,463 |  | 4) | $ | 25 |  | 5) | $ | 3 |  | 6) |
| **Total derivatives not designated**  **as hedging instruments** |  | **$** | **1,531** |  |  | **$** | **1** |  |  | **$** | **37** |  |  |  | **$** | **1,463** |  |  | **$** | **25** |  |  | **$** | **3** |  |  |

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|  |  |
| --- | --- |
| 1) | Net nominal amount after deducting for offsetting swaps under ISDA agreements is $1,529 million. |
| 2) | Net amount after deducting for offsetting swaps under ISDA agreements is $1 million. |
| 3) | Net amount after deducting for offsetting swaps under ISDA agreements is $37 million. |
| 4) | Net nominal amount after deducting for offsetting swaps under ISDA agreements is $1,463 million. |
| 5) | Net amount after deducting for offsetting swaps under ISDA agreements is $25 million. |
| 6) | Net amount after deducting for offsetting swaps under ISDA agreements is $3 million. |

**Fair Value of Debt**

The fair value of long-term debt is determined either from quoted market prices as provided by participants in the secondary market or for long-term debt without quoted market prices, estimated using a discounted cash flow method based on the Company’s current borrowing rates for similar types of financing. The Company has determined that each of these fair value measurements of debt reside within Level 2 of the fair value hierarchy.

The fair value and carrying value of debt is summarized in the table below (dollars in millions).

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **March 31, 2021** | | | | | |  |  | **December 31, 2020** | | | | | |  |
|  |  | **Carrying**  **value1)** | |  |  | **Fair**  **value** | |  |  | **Carrying**  **value1)** | |  |  | **Fair**  **value** | |  |
| **Long-term debt** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Bonds |  | $ | 1,351 |  |  | $ | 1,452 |  |  | $ | 1,377 |  |  | $ | 1,483 |  |
| Loans |  |  | 687 |  |  |  | 707 |  |  |  | 732 |  |  |  | 753 |  |
| Other long-term debt |  |  | 1 |  |  |  | 1 |  |  |  | 1 |  |  |  | 1 |  |
| **Total long-term debt** |  |  | **2,039** |  |  |  | **2,160** |  |  |  | **2,110** |  |  |  | **2,237** |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Short-term debt** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Short-term portion of long-term debt |  |  | 275 |  |  |  | 280 |  |  |  | 275 |  |  |  | 278 |  |
| Overdrafts and other short-term debt |  |  | 16 |  |  |  | 16 |  |  |  | 27 |  |  |  | 27 |  |
| **Total short-term debt** |  | **$** | **291** |  |  | **$** | **296** |  |  | **$** | **302** |  |  | **$** | **305** |  |

|  |  |
| --- | --- |
| 1) | Debt as reported in balance sheet. |

**Assets and liabilities measured at fair value on a nonrecurring basis**

In addition to assets and liabilities that are measured at fair value on a recurring basis, the Company also has assets and liabilities in its balance sheet that are measured at fair value on a nonrecurring basis, including certain long-lived assets, including equity method investments, goodwill and other intangible assets, typically as it relates to impairment.

The Company has determined that the fair value measurements included in each of these assets and liabilities rely primarily on Company-specific inputs and the Company’s assumptions about the use of the assets and settlements of liabilities, as observable inputs are not available. The Company has determined that each of these fair value measurements reside within Level 3 of the fair value hierarchy. To determine the fair value of long-lived assets, the Company utilizes the projected cash flows expected to be generated by the long-lived assets, then discounts the future cash flows over the expected life of the long-lived assets.

For the three month periods ended March 31, 2021 and March 31, 2020, the Company did not record any material impairment charges on its long-lived assets for its operations.

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**4. INCOME TAXES**

The effective tax rate for the first three months of 2021 was 27.7% compared to 32.7% for the first three months of 2020. Discrete tax items, net for the first three months of 2021 had a favorable impact of 0.2%. For the first three months of 2020 discrete tax items, net had an unfavorable impact of 0.5%.

The Company files income tax returns in the U.S. federal jurisdiction, various U.S. states and non-U.S. jurisdictions. At any given time, the Company is undergoing tax audits in several tax jurisdictions covering multiple years. The Company is no longer subject to income tax examination by the U.S. federal income tax authorities for years prior to 2015. With few exceptions, the Company is no longer subject to income tax examination by U.S. state or local tax authorities or by non-U.S. tax authorities for years before 2010.

As of March 31, 2021, the Company is not aware of any proposed income tax adjustments resulting from tax examinations that would have a material impact on the Company’s condensed consolidated financial statements. The conclusion of such audits could result in additional increases or decreases to unrecognized tax benefits in some future period or periods.

During the first three months of 2021, the Company recorded a net increase of $1 million to income tax reserves for unrecognized tax benefits based on tax positions related to the current year, including accruing additional interest related to unrecognized tax benefits from prior years. Of the total unrecognized tax benefits of $47 million recorded at March 31, 2021, $5 million is classified as current tax payable within Other current liabilities and $42 million is classified as non-current tax payable within Other non-current liabilities on the Condensed Consolidated Balance Sheet.

**5. INVENTORIES**

Inventories are stated at the lower of cost (FIFO) and net realizable value. The components of inventories were as follows (dollars in millions):

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **As of** | | | | | |  |
|  |  | **March 31,**  **2021** | |  |  | **December 31,**  **2020** | |  |
| Raw materials |  | $ | 403 |  |  | $ | 379 |  |
| Work in progress |  |  | 316 |  |  |  | 292 |  |
| Finished products |  |  | 228 |  |  |  | 220 |  |
| **Inventories** |  |  | **947** |  |  |  | **891** |  |
| Inventory valuation reserve |  |  | (92 | ) |  |  | (93 | ) |
| **Total inventories, net of reserve** |  | **$** | **856** |  |  | **$** | **798** |  |

**6. RESTRUCTURING**

The Company recorded restructuring charges in the three month period ended March 31, 2021, related to footprint optimization activities in Europe initiated in the third quarter of 2020. For the three month period ended March 31, 2021, cash payments mainly related to the structural efficiency program initiated in 2019.

As of March 31 2021, approximately $55 million out of the $113 million in total reserve balance can be attributed to the structural efficiency program initiated in the second quarter of 2020. This program is expected to be concluded in 2021. Approximately $35 million of the balance can be attributed to footprint optimization activities in Europe in the third quarter of 2020. This program is expected to be concluded in 2023.

The table below summarizes the change in the balance sheet position of the employee related restructuring reserves (dollars in millions). The changes in the employee-related reserves have been charged against Other income (expense), net in the Consolidated Statements of Income. Restructuring costs other than employee related costs are immaterial for all periods presented.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Three months ended March 31** | | | | | |  |
|  |  | **2021** | |  |  | **2020** | |  |
| **Reserve at beginning of the period** |  | **$** | **126** |  |  | **$** | **56** |  |
| Provision - charge |  |  | 1 |  |  |  | 2 |  |
| Provision - reversal |  |  | (0 | ) |  |  | (0 | ) |
| Cash payments |  |  | (9 | ) |  |  | (5 | ) |
| Translation difference |  |  | (5 | ) |  |  | (1 | ) |
| **Reserve at end of the period** |  | **$** | **113** |  |  | **$** | **52** |  |

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**7. PRODUCT-RELATED LIABILITIES**

The Company is exposed to product liability and warranty claims in the event that the Company’s products fail to perform as represented and such failure results, or is alleged to result, in bodily injury, and/or property damage or other loss. The Company has reserves for product risks. Such reserves are related to product performance issues, including recalls, product liability and warranty issues. For further explanation, see Note 9. Contingent Liabilities below.

For the three month periods ended March 31, 2021 and March 31, 2020, provisions and cash paid primarily relate to recall and warranty related issues. As of March 31, 2021, the reserve for product related liabilities mainly related to recall related issues, whereof the “Toyota Recall” represented the major recall issue.

Pursuant to the agreements entered into in connection with the spin-off of Veoneer, Inc. on June 29, 2018 (collectively, the “Spin-off Agreements”), Autoliv is required to indemnify Veoneer for recalls related to certain qualified Electronics products. As of March 31, 2021, the indemnification liabilities are approximately $9 million and included within Accrued expenses on the Condensed Consolidated Balance Sheet.

The table below summarizes the change in the balance sheet position of the product-related liabilities (dollars in millions). A majority of the Company’s recall related issues as of March 31, 2021 are covered by insurance. Insurance receivables are included within Other current assets and Other non-current assets on the Condensed Consolidated Balance Sheet. As of March 31, 2021, the Company had total insurance receivables related to recall issues of $321 million. The total product liability reserve currently is less than the product liability insurance receivable because the timing of insurance recoveries does not match the timing of our product liability.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Three months ended March 31** | | | | | |  |
|  |  | **2021** | |  |  | **2020** | |  |
| **Reserve at beginning of the period** |  | **$** | **341** |  |  | **$** | **72** |  |
| Change in reserve |  |  | 4 |  |  |  | 3 |  |
| Cash payments |  |  | (6 | ) |  |  | (20 | ) |
| Translation difference |  |  | (11 | ) |  |  | (1 | ) |
| **Reserve at end of the period** |  | **$** | **328** |  |  | **$** | **54** |  |

**8. RETIREMENT PLANS**

The components of total Net Periodic Benefit Cost associated with the Company’s defined benefit retirement plans are as follows (dollars in millions):

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **U.S. Plans** |  | **Three months ended March 31** | | | | | |  |
|  |  | **2021** | |  |  | **2020** | |  |
| Service cost |  | $ | 2 |  |  | $ | 2 |  |
| Interest cost |  |  | 3 |  |  |  | 3 |  |
| Expected return on plan assets |  |  | (4 | ) |  |  | (4 | ) |
| Amortization of prior service (credit) cost |  |  | (1 | ) |  |  | 0 |  |
| Amortization of actuarial loss |  |  | 0 |  |  |  | 1 |  |
| **Net Periodic Benefit Cost** |  | **$** | **0** |  |  | **$** | **2** |  |
|  |  |  |  |  |  |  |  |  |
| **Non-U.S. Plans** |  | **Three months ended March 31** | | | | | |  |
|  |  | **2021** | |  |  | **2020** | |  |
| Service cost |  | $ | 3 |  |  | $ | 3 |  |
| Interest cost |  |  | 1 |  |  |  | 2 |  |
| Expected return on plan assets |  |  | 0 |  |  |  | (1 | ) |
| Amortization of prior service (credit) cost |  |  | 0 |  |  |  | 0 |  |
| Amortization of actuarial loss |  |  | 0 |  |  |  | 1 |  |
| **Net Periodic Benefit Cost** |  | **$** | **4** |  |  | **$** | **5** |  |

The Service cost and Amortization of prior service cost components in the tables above are reported in Operating Income in the Consolidated Statements of Income. The remaining components - Interest cost, Expected return on plan assets, Amortization of actuarial loss and Settlement loss - are reported as Other non-operating items, net in the Consolidated Statements of Income.

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**9. CONTINGENT LIABILITIES**

**Legal Proceedings**

Various claims, lawsuits and proceedings are pending or threatened against the Company or its subsidiaries, covering a range of matters that arise in the ordinary course of its business activities with respect to commercial, product liability and other matters. Litigation is subject to many uncertainties, and the outcome of any litigation cannot be assured. After discussions with counsel, it is the opinion of management that the various legal proceedings and investigations to which the Company currently is a party will not have a material adverse impact on the consolidated financial position of Autoliv, but the Company cannot provide assurance that Autoliv will not experience material litigation, product liability or other losses in the future.

**ANTITRUST MATTERS**

Authorities in several jurisdictions have conducted broad, and in some cases, long-running investigations of suspected anti-competitive behavior among parts suppliers in the global automotive vehicle industry. These investigations included, but are not limited to, the products that the Company sells. In addition to concluded matters, authorities of other countries with significant light vehicle manufacturing or sales may initiate similar investigations.

**PRODUCT WARRANTY, RECALLS AND INTELLECTUAL PROPERTY**

Autoliv is exposed to various claims for damages and compensation if its products fail to perform as expected. Such claims can be made, and result in costs and other losses to the Company, even where the product is eventually found to have functioned properly. Where a product (actually or allegedly) fails to perform as expected or is defective, the Company may face warranty and recall claims. Where such (actual or alleged) failure or defect results, or is alleged to result, in bodily injury and/or property damage, the Company may also face product liability and other claims. There can be no assurance that the Company will not experience material warranty, recall or product (or other) liability claims or losses in the future, or that the Company will not incur significant costs to defend against such claims. The Company may be required to participate in a recall involving its products. Each vehicle manufacturer has its own practices regarding product recalls and other product liability actions relating to its suppliers. As suppliers become more integrally involved in the vehicle design process and assume more of the vehicle assembly functions, vehicle manufacturers are increasingly looking to their suppliers for contribution when faced with recalls and product liability claims. Government safety regulators may also play a role in warranty and recall practices. A warranty, recall or product-liability claim brought against the Company in excess of its insurance may have a material adverse effect on the Company’s business. Vehicle manufacturers are also increasingly requiring their outside suppliers to guarantee or warrant their products and bear the costs of repair and replacement of such products under new vehicle warranties. A vehicle manufacturer may attempt to hold the Company responsible for some, or all, of the repair or replacement costs of products when the product supplied did not perform as represented by us or expected by the customer. Accordingly, the future costs of warranty claims by customers may be material. However, the Company believes its established reserves are adequate. Autoliv’s warranty reserves are based upon the Company’s best estimates of amounts necessary to settle future and existing claims. The Company regularly evaluates the adequacy of these reserves and adjusts them when appropriate. However, the final amounts actually due related to these matters could differ materially from the Company’s recorded estimates.

In addition, as vehicle manufacturers increasingly use global platforms and procedures, quality performance evaluations are also conducted on a global basis. Any one or more quality, warranty or other recall issue(s) (including those affecting few units and/or having a small financial impact) may cause a vehicle manufacturer to implement measures such as a temporary or prolonged suspension of new orders, which may have a material impact on the Company’s results of operations.

The Company maintains a program of insurance, which may include commercial insurance, self-insurance, or a combination of both approaches, for potential recall and product liability claims in amounts and on terms that it believes are reasonable and prudent based on our prior claims experience. The Company’s insurance policies generally include coverage of the costs of a recall, although costs related to replacement parts are generally not covered. In addition, a number of the agreements entered into by the Company, including the Spin-off Agreements, require Autoliv to indemnify the other parties for certain claims. Autoliv cannot assure that the level of coverage will be sufficient to cover every possible claim that can arise in our businesses or with respect to other obligations, now or in the future, or that such coverage always will be available should we, now or in the future, wish to extend, increase or otherwise adjust our insurance.

Specific Recalls:

On June 29, 2016, the Company announced that it is cooperating with Toyota Motor Corp. in its recall of approximately 1.4 million vehicles equipped with a certain model of the Company’s side curtain airbag (the “Toyota Recall”). The Company has determined pursuant to ASC 450 that a loss with respect to the Toyota Recall is probable and has accrued an amount that is included in the total product liability accrual in the fourth quarter of 2020. The amount by which the product liability accrual exceeds the product liability insurance receivable with respect to the Toyota Recall is $25 million and includes deductibles and replacement parts. The ultimate loss to the Company of the Toyota Recall could be materially different from the amount the Company has accrued. The Company expects this matter to be resolved in 2021.

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Additionally, in the fourth quarter of 2020, the Company was made aware of a potential recall by one of its customers (the “Unannounced Recall”). The Company continues to evaluate this matter with its customer. The Company has determined pursuant to ASC 450 that a loss with respect to the Unannounced Recall is probable and has accrued an amount that is reflected in the total product liability accrual in the fourth quarter of 2020. The amount by which the product liability accrual exceeds the product liability insurance receivable with respect to the Unannounced Recall is $26 million and includes self-insurance retention costs and deductibles. The ultimate loss to the Company of the Unannounced Recall could be materially different from the amount the Company has accrued.

Intellectual Property:

In its products, the Company utilizes technologies which may be subject to intellectual property rights of third parties. While the Company does seek to procure the necessary rights to utilize intellectual property rights associated with its products, it may fail to do so. Where the Company so fails, the Company may be exposed to material claims from the owners of such rights. Where the Company has sold products which infringe upon such rights, its customers may be entitled to be indemnified by the Company for the claims they suffer as a result thereof. Such claims could be material.

The table in Note 7. Product-Related Liabilities above summarizes the change in the balance sheet position of the product-related liabilities.

**10. STOCK INCENTIVE PLAN**

Eligible employees and non-employee directors of the Company participate in the Autoliv, Inc.1997 Stock Incentive Plan, as amended and received Autoliv stock-based awards which include stock options (SOs), restricted stock units (RSUs) and performance stock units (PSUs).

For the three month periods ended March 31, 2021 and March 31, 2020, the Company recorded approximately $3.5 million and $1.7 million, respectively, in stock-based compensation expense related to RSUs and PSUs.

During the three month periods ended March 31, 2021 and March 31, 2020, approximately 69 thousand and 70 thousand shares of common stock from the treasury stock, respectively, were utilized by the Plan.

**11. EARNINGS PER SHARE**

For the three month periods ended March 31, 2021 and March 31, 2020, approximately 0.0 million and 0.1 million awards, respectively, were excluded from the computation of the diluted EPS, since the inclusion of these awards would be antidilutive.

The computation of basic and diluted EPS under the two-class method was as follows:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Three months ended March 31** | | | | | |  |
| ***(In millions, except per share amounts)*** |  | **2021** | |  |  | **2020** | |  |
| **Numerator:** |  |  |  |  |  |  |  |  |
| Basic and diluted: |  |  |  |  |  |  |  |  |
| Net income attributable to controlling interest |  | $ | 157 |  |  | $ | 75 |  |
| Participating share awards with dividend     equivalent rights |  |  | 0 |  |  |  | 0 |  |
| Net income applicable to common     shareholders |  |  | **157** |  |  |  | **75** |  |
| Earnings allocated to participating     share awards1) |  |  | 0 |  |  |  | 0 |  |
| Net income attributable to common     shareholders |  | **$** | **157** |  |  | **$** | **75** |  |
| **Denominator: 1)** |  |  |  |  |  |  |  |  |
| Basic: Weighted average common stock |  |  | **87.4** |  |  |  | **87.3** |  |
| Add: Weighted average stock options/     share awards |  |  | 0.2 |  |  |  | 0.1 |  |
| **Diluted:** |  |  | **87.6** |  |  |  | **87.4** |  |
|  |  |  |  |  |  |  |  |  |
| **Net earnings per share - basic** |  | **$** | **1.79** |  |  | **$** | **0.86** |  |
|  |  |  |  |  |  |  |  |  |
| **Net earnings per share - diluted** |  | **$** | **1.79** |  |  | **$** | **0.86** |  |

|  |  |
| --- | --- |
| 1) | The Company’s unvested RSUs and PSUs, of which some included the right to receive non-forfeitable dividend equivalents, are considered participating securities. Calculations of EPS under the two-class method exclude from the numerator any dividends paid or owed on participating securities and any undistributed earnings considered to be attributable to participating securities. The related participating securities are similarly excluded from the denominator. |

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**12. RELATED PARTY TRANSACTIONS**

The Company purchases finished goods from Veoneer. For the three month periods ended March 31, 2021 and March 31, 2020, related party purchases from Veoneer amounted to $21 million and $18 million, respectively.

Amounts due to and due from related party as of March 31, 2021 and December 31, 2020, were as follows:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **As of** | | | | | |  |
| *(Dollars in millions)* |  | **March 31, 2021** | |  |  | **December 31, 2020** | |  |
| Related party receivables1) |  | $ | 1 |  |  | $ | 2 |  |
| Related party payables2) |  |  | 22 |  |  |  | 27 |  |
| Related party accrued expenses3) |  |  | 9 |  |  |  | 10 |  |

|  |  |
| --- | --- |
| 1) | Included in Receivables, net in the Condensed Consolidated Balance Sheet. |
| 2) | Included in Accounts payable in the Condensed Consolidated Balance Sheet. |
| 3) | Included in Accrued expenses in the Condensed Consolidated Balance Sheet. |

**13. REVENUE DISAGGREGATION**

The Company’s disaggregated revenue for the three month periods ended March 31, 2021 and March 31, 2020, were as follows.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Net Sales by Products** |  | **Three months ended March 31** | | | | | |  |
| *(Dollars in millions)* |  | **2021** | |  |  | **2020** | |  |
| Airbag Products1) |  | $ | 1,463 |  |  | $ | 1,202 |  |
| Seatbelt Products1) |  |  | 779 |  |  |  | 644 |  |
| **Total net sales** |  | **$** | **2,242** |  |  | **$** | **1,846** |  |
| 1) Including Corporate and other sales. |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **Net Sales by Region** |  | **Three months ended March 31** | | | | | |  |
| *(Dollars in millions)* |  | **2021** | |  |  | **2020** | |  |
| Asia |  | $ | 877 |  |  | $ | 597 |  |
| *Whereof: China* |  |  | *414* |  |  |  | *198* |  |
| *Japan* |  |  | *211* |  |  |  | *203* |  |
| *Rest of Asia* |  |  | *252* |  |  |  | *197* |  |
| Americas |  |  | 687 |  |  |  | 672 |  |
| Europe |  |  | 679 |  |  |  | 576 |  |
| **Total net sales** |  | **$** | **2,242** |  |  | **$** | **1,846** |  |

Contract balances

Contract assets relate to the Company's rights to consideration for work completed but not billed (generally in conjunction with contracts for which revenue is recognized over time) at the reporting date on production parts and is included in Other current assets in the Condensed Consolidated Balance Sheet. The contract assets are reclassified into the receivables balance when the rights to receive payments become unconditional. The net change in the contract assets balance, reflecting the adjustments needed to align revenue recognition for work completed but not billed, for the three month periods ended March 31, 2021 and March 31, 2020 were not material.

**14. SUBSEQUENT EVENTS**

There were no reportable events subsequent to March 31, 2021.

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**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*The following discussion and analysis should be read in conjunction with our Condensed Consolidated Financial Statements and accompanying Notes thereto included elsewhere herein and with our Annual Report on Form 10-K for the year ended December 31, 2020 filed with the United States Securities and Exchange Commission (the “SEC”) on February 19, 2021. Unless otherwise noted, all dollar amounts are in millions.*

Autoliv, Inc. (“Autoliv” or the “Company”) is a Delaware corporation with its principal executive offices in Stockholm, Sweden. The Company functions as a holding corporation and owns two principal operating subsidiaries, Autoliv AB and Autoliv ASP, Inc.

Through its operating subsidiaries, Autoliv is a supplier of automotive safety systems with a broad range of product offerings, including modules and components for passenger and driver airbags, side airbags, curtain airbags, seatbelts, steering wheels and pedestrian protection systems.

Autoliv’s filings with the SEC, including this Quarterly Report on Form 10-Q, annual reports on Form 10-K, current reports on Form 8-K, proxy statements and all of our other reports and statements, and amendments thereto, are available free of charge on our corporate website at www.autoliv.com as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC (generally the same day as the filing).

The primary exchange market for Autoliv’s securities is the New York Stock Exchange (NYSE) where Autoliv’s common stock trades under the symbol “ALV”. Autoliv’s Swedish Depositary Receipts (SDRs) are traded on Nasdaq Stockholm’s list for large market cap companies under the symbol “ALIV SDB”. Options in SDRs trade on Nasdaq Stockholm under the name “Autoliv SDB”. Options in Autoliv shares are traded on Nasdaq OMX PHLX and on NYSE Amex Options under the symbol “ALV”.

Autoliv’s fiscal year ends on December 31.

**EXECUTIVE OVERVIEW**

The COVID-19 pandemic is still affecting the Company in several ways, and its first priority remains the health and safety of its employees. The industry is experiencing adverse business effects, with a supply-demand imbalance of certain input materials such as steel, chemicals and semiconductors. Temporary shortages of these materials limited the light vehicle production in the first quarter, and the Company expects this situation to continue in the second and third quarter of this year.

In this tough environment, the Company is satisfied that its organization delivered a strong first quarter performance where the Company saw high sales growth and a significant improvement in profitability compared to the first quarter in both 2020 and 2019. The Company continued to generate a strong cash flow, the net debt (non-U.S. GAAP measure) declined further, and the leverage ratio (non-U.S. GAAP measure) is now back inside the Company’s target range. The Company’s progress in the past few quarters strengthens its confidence in the journey towards its medium-term targets and its opportunities to create shareholder value.

The Company’s sales outperformed the global light vehicle production organically (non-U.S. GAAP measure) by more than 4 percentage points in the quarter, despite adverse geographical mix effects as LVP mainly grew in lower CPV markets. Driven by new launches and positive vehicle mix the Company’s sales outperformed LVP significantly in all regions. Supported by new and recent vehicle launches such as Jeep Grand Cherokee L, Mitsubishi Outlander and Peugeot 308, the Company expects to outgrow LVP by mid-single digits in 2021.

The Company is still in an uncertain environment and continues to face challenges in 2021. The Company expects adverse cost development from rising raw material prices throughout 2021. The Company remains focused on responding to sudden changes in light vehicle production with agility and flexibility. Despite increased industry wide supply chain challenges, the Company is reiterating its full year guidance of around 20% organic sales growth (non-U.S. GAAP measure) and an adjusted operating margin (non-U.S. GAAP measure) of around 10% as the Company expect effects of the supply chain challenges to be balanced with positive sales mix and cost reduction actions.

The Company can see that its strategic initiatives gradually are yielding good results, and the Company expects 2021 to be a solid stepping stone towards its 2022-24 targets, which include a significant growth above light vehicle production as well as a solid adjusted operating margin increase.

**Financial highlights in the first quarter of 2021**

**$2,242 million** net sales

**17.9%** organic sales growth (non-US-GAAP measure, see table below)

**10.6%** operating margin

**10.6%** adjusted operating margin (non-US-GAAP measure, see reconciliation table below)

**$1.79** EPS - an increase of 108%

**$1.79** adjusted EPS (non-US-GAAP measure, see reconciliation table below) - an increase of 103%

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**Key business developments in the first quarter of 2021**

|  |  |
| --- | --- |
| • | **Strong organic sales growth** (non-U.S. GAAP measure, see table below), fueled by good performance in all regions. Sales increased organically by 17.9%, outperforming global LVP by more than 4pp (according to IHS Markit April 2021) despite adverse geographical mix effects as LVP grew strongly in lower CPV markets. All regions outperformed LVP by 6-23pp driven by launches and positive vehicle mix. The Company’s order intake was in line with a year earlier. |
| • | **Strong improvement in operating income**, driven by strong sales growth and continued cost control. Adjusted operating margin (non-U.S. GAAP measure, see reconciliation table below) improved by 3.2 pp to 10.6%. RoCE improved to 26.3%. |
| • | **Strong cash flow** and strengthened balance sheet. Operating cash flow increased to $186 million and operating cash flow less capital expenditures, net grew to $93 million. Net debt (non-U.S. GAAP measure, see reconciliation table below) declined substantially and the Company’s leverage ratio (non-U.S. GAAP measure, see calculation in table below) of 1.4x is now inside its target range of 0.5x-1.5x. |

**COVID-19 pandemic related business update**

The COVID-19 pandemic impacted the Company’s business in the first quarter 2021 indirectly through limited light vehicle production by its customers caused by semi-conductor and other industry supply chain disruptions, especially in North America and Europe. Although Autoliv has fulfilled its delivery commitments, the lower than anticipated LVP has negatively impacted the Company’s sales and profitability.

Direct COVID-19 related costs, such as personal protective equipment, quarantine costs, premium freight and other items were around $5 million in Q1 2021. Governmental support in connection with furloughing, short-term work weeks, and other similar activities was not material to the Company’s financial results in Q1 2021.

Current industry wide semiconductor shortage is likely to continue to negatively impact LVP, and hence the Company’s sales and profitability, into the second half of the year and a stabilization of supply may not emerge until the fourth quarter. The Company expects adverse cost development from rising raw material prices throughout 2021.

**Non-U.S. GAAP financial measures**

Some of the following discussions refer to non-U.S. GAAP financial measures: see reconciliations for "Organic sales", "Trade working capital", "Net debt", “Leverage ratio”, “Adjusted operating income”, “Adjusted operating margin” and “Adjusted EPS” provided below. Management believes that these non-U.S. GAAP financial measures provide supplemental information to investors regarding the performance of the Company’s business and assist investors in analyzing trends in the Company's business. Additional descriptions regarding management’s use of these financial measures are included below. Investors should consider these non-U.S. GAAP financial measures in addition to, rather than as substitutes for, financial reporting measures prepared in accordance with U.S. GAAP. These historical non-U.S. GAAP financial measures have been identified as applicable in each section of this report with a tabular presentation reconciling them to the most directly comparable U.S. GAAP financial measures. It should be noted that these measures, as defined, may not be comparable to similarly titled measures used by other companies.

**RESULTS OF OPERATIONS**

**Overview**

The following table shows some of the key ratios management uses internally to analyze the Company's current and future financial performance and core operations as well as to identify trends in the Company’s financial conditions and results of operations. We have provided this information to investors to assist in meaningful comparisons of past and present operating results and to assist in highlighting the results of ongoing core operations. These ratios are more fully explained below and should be read in conjunction with the consolidated financial statements in our Annual Report on Form 10-K and the unaudited condensed consolidated financial statements in this Quarterly Report on Form 10-Q.

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**KEY RATIOS**

**(Dollars in millions, except per share data)**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Three months ended** | | | | | |  |
|  |  | **or as of March 31** | | | | | |  |
|  |  | **2021** | |  |  | **2020** | |  |
| Total parent shareholders’ equity per share |  | $ | 28.68 |  |  | $ | 23.26 |  |
| Capital employed 1) |  |  | 3,635 |  |  |  | 3,674 |  |
| Net debt 2) |  |  | 1,115 |  |  |  | 1,630 |  |
|  |  |  |  |  |  |  |  |  |
| Trade working capital11) |  |  | 1,487 |  |  |  | 1,337 |  |
| Trade working capital relative to sales, % |  |  | 16.6 |  |  |  | 18.1 |  |
| Receivables outstanding relative to sales, %8) |  |  | 20.6 |  |  |  | 19.3 |  |
| Inventory outstanding relative to sales, %9) |  |  | 9.5 |  |  |  | 10.5 |  |
| Payables outstanding relative to sales, %10) |  |  | 13.5 |  |  |  | 11.7 |  |
|  |  |  |  |  |  |  |  |  |
| Gross margin, % 3) |  |  | 20.4 |  |  |  | 17.9 |  |
| Operating margin, % 4) |  |  | 10.6 |  |  |  | 7.3 |  |
|  |  |  |  |  |  |  |  |  |
| Return on total equity, % 5) |  |  | 25.4 |  |  |  | 14.4 |  |
| Return on capital employed, % 6) |  |  | 26.3 |  |  |  | 14.5 |  |
|  |  |  |  |  |  |  |  |  |
| Headcount at period-end 7) |  |  | 66,600 |  |  |  | 65,500 |  |

|  |  |
| --- | --- |
| 1) | Total equity and net debt. |
| 2) | See tabular presentation reconciling this non-U.S. GAAP measure to U.S. GAAP below under the heading “Liquidity and Capital Resources”. |
| 3) | Gross profit relative to sales. |
| 4) | Operating income relative to sales. |
| 5) | Net income relative to average total equity. |
| 6) | Operating income and income from equity method investments, relative to average capital employed. |
| 7) | Employees plus temporary, hourly personnel. |
| 8) | Outstanding receivables relative to annualized sales. |
| 9) | Outstanding inventory relative to annualized sales. |

10) Outstanding payables relative to annualized sales.

11) See calculation of this non-U.S. GAAP measure in the table below.

**THREE MONTHS ENDED MARCH 31, 2021 COMPARED WITH THREE MONTHS ENDED MARCH 31, 2020**

**Consolidated Sales**

*(dollars in millions)*

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Three months ended**  **March 31** | | | | | |  |  |  |  |  |  | **Components of change in**  **net sales** | | | | | |  |
|  |  | **2021** | |  |  | **2020** | |  |  | **Reported**  **change** | |  |  | **Currency**  **effects 1)** | |  |  | **Organic** 3) | |  |
| Airbag products2) |  | $ | 1,463 |  |  | $ | 1,202 |  |  |  | 21.7 | % |  |  | 3.0 | % |  |  | 18.7 | % |
| Seatbelt products 2) |  |  | 779 |  |  |  | 644 |  |  |  | 21.1 | % |  |  | 4.6 | % |  |  | 16.5 | % |
| **Total** |  | **$** | **2,242** |  |  | **$** | **1,846** |  |  |  | **21.5** | **%** |  |  | **3.5** | **%** |  |  | **17.9** | **%** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Asia |  | $ | 877 |  |  | $ | 597 |  |  |  | 46.8 | % |  |  | 4.7 | % |  |  | 42.1 | % |
| *Whereof:     China* |  |  | *414* |  |  |  | *198* |  |  |  | *110* | *%* |  |  | *7.7* | *%* |  |  | *102* | *%* |
| *Japan* |  |  | *211* |  |  |  | *203* |  |  |  | *3.9* | *%* |  |  | *2.8* | *%* |  |  | *1.1* | *%* |
| *Rest of Asia* |  |  | *252* |  |  |  | *197* |  |  |  | *27.9* | *%* |  |  | *3.7* | *%* |  |  | *24.2* | *%* |
| Americas |  |  | 687 |  |  |  | 672 |  |  |  | 2.1 | % |  |  | (1.5 | )% |  |  | 3.7 | % |
| Europe |  |  | 679 |  |  |  | 576 |  |  |  | 17.8 | % |  |  | 8.2 | % |  |  | 9.6 | % |
| **Total** |  | **$** | **2,242** |  |  | **$** | **1,846** |  |  |  | **21.5** | **%** |  |  | **3.5** | **%** |  |  | **17.9** | **%** |

|  |  |
| --- | --- |
| 1) | Effects from currency translations. |
| 2) | Including Corporate and Other sales. |
| 3) | Non-U.S. GAAP measure. |

**Sales by product - Airbags**

All major product categories within Airbags grew strongly organically (non-US-GAAP measure) in the quarter. The largest contributor to growth was steering wheels and inflatable curtains, followed by passenger airbags, driver airbags and side airbags. The highest growth rate was in knee airbags, growing by almost 40%.

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**Sales by product - Seatbelts**

The main contributor to Seatbelt products organic growth (non-US-GAAP measure) was China, followed by Europe, India and ASEAN. Seatbelt products grew organically in all major regions, with China growing by more than 100%. Sales of more advanced and higher value-added seatbelts continued to be an important driver for growth, especially in China.

**Sales by region**

Our global organic sales (non-US-GAAP measure, see table below) grew by 17.9% compared to the LVP growth of 13.6% (according to IHS Markit April 2021). This was more than 4pp outperformance despite an adverse geographical mix as LVP in lower safety CPV markets, such as China and India, grew strongly while LVP in higher safety CPV markets, such as Western Europe and North America, declined. Our organic sales development outperformed LVP by 6-23pp in all regions fueled by new launches and positive vehicle mix.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Q1 2021 Organic growth**1) |  | **Americas** | |  |  | **Europe** | |  |  | **China** | |  |  | **Japan** | |  |  | **Rest of**  **Asia** | |  |  | **Global** | |  |
| Autoliv |  |  | 3.7 | % |  |  | 9.6 | % |  |  | 102 | % |  |  | 1.1 | % |  |  | 24.2 | % |  |  | 17.9 | % |
| Main growth drivers |  | Ford, Toyota, GM | |  |  | Stellantis, VW, Toyota | |  |  | VW, Great Wall, Honda | |  |  | Toyota, Nissan, Subaru | |  |  | Hyundai/Kia, Isuzu, Nissan | |  |  | VW, Toyota, GM | |  |
| Main decline drivers |  | Subaru, Honda, Stellantis | |  |  | Renault, Nissan, Ford | |  |  | BYD | |  |  | Honda, Mitsubishi, Mazda | |  |  | SsangYong, Renault, Subaru | |  |  | Renault, Subaru, Mazda | |  |

|  |  |
| --- | --- |
| 1) | Non-U.S. GAAP measure. |

**Light Vehicle Production Development**

*Change first quarter 2021 vs. first quarter 2020*

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Americas** | |  |  | **Europe** | |  |  | **China** | |  |  | **Japan** | |  |  | **Rest of**  **Asia** | |  |  | **Global** | |  |
| LVP1) |  |  | (4.2 | )% |  |  | (0.9 | )% |  |  | 78.7 | % |  |  | (4.5 | )% |  |  | 9.8 | % |  |  | 13.6 | % |
| 1) Source: IHS Markit April 2021. |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

**Earnings**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Three months ended March 31** | | | | | |  |  |  |  |  |
| (Dollars in millions, except per share data) |  | **2021** | |  |  | **2020** | |  |  | **Change** | |  |
| Net Sales |  | $ | 2,242 |  |  | $ | 1,846 |  |  |  | 21.5 | % |
| Gross profit |  |  | 458 |  |  |  | 331 |  |  |  | 38.5 | % |
| *% of sales* |  |  | *20.4* | *%* |  |  | *17.9* | *%* |  |  | *2.5* | *pp* |
| S, G&A |  |  | (108 | ) |  |  | (93 | ) |  |  | 15.6 | % |
| *% of sales* |  |  | *(4.8* | *)%* |  |  | *(5.1* | *)%* |  |  | *(0.3* | *)pp* |
| R, D&E, net |  |  | (107 | ) |  |  | (103 | ) |  |  | 3.6 | % |
| *% of sales* |  |  | *(4.8* | *)%* |  |  | *(5.6* | *)%* |  |  | *(0.8* | *)pp* |
| Amortization of Intangibles |  |  | (3 | ) |  |  | (3 | ) |  |  | (13.7 | )% |
| Other income (expense), net |  |  | (4 | ) |  |  | 2 |  |  |  | (314 | )% |
| Operating income |  |  | 237 |  |  |  | 134 |  |  |  | 77.0 | % |
| *% of sales* |  |  | *10.6* | *%* |  |  | *7.3* | *%* |  |  | *3.3* | *pp* |
| Adjusted operating income1) |  |  | 237 |  |  |  | 136 |  |  |  | 74.4 | % |
| *% of sales* |  |  | *10.6* | *%* |  |  | *7.4* | *%* |  |  | *3.2* | *pp* |
| Financial and non-operating items, net |  |  | (20 | ) |  |  | (23 | ) |  |  | (13.7 | )% |
| Income before taxes |  |  | 217 |  |  |  | 111 |  |  |  | 95.8 | % |
| Tax rate |  |  | 27.7 | % |  |  | 32.7 | % |  |  | *(5.0* | *)pp* |
| Net income |  |  | 157 |  |  |  | 75 |  |  |  | 110 | % |
| Earnings per share, diluted2) |  |  | 1.79 |  |  |  | 0.86 |  |  |  | 108 | % |
| Adjusted earnings per share, diluted1),2) |  |  | 1.79 |  |  |  | 0.88 |  |  |  | 103 | % |

|  |  |
| --- | --- |
| 1) | Non-U.S. GAAP measure, excluding costs for capacity alignment. |
| 2) | Assuming dilution, when applicable, and net of treasury shares. Participating share awards with right to receive dividend equivalents are under the two-class method excluded from the EPS calculation. |

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**First quarter 2021 development**

**Gross profit** increased by $127 million and the gross margin increased by 2.5pp compared to the same quarter 2020. The gross margin increase was primarily driven by the higher sales and direct material efficiency.

**S,G&A** costs increased by $15 million compared to the prior year, mainly relating to foreign currency effects and IT costs. Personnel costs were close to unchanged. In relation to sales, S,G&A costs decreased from 5.1% to 4.8%.

**R,D&E, net**. Costs increased by $4 million compared to the prior year, mainly due to negative foreign currency effects. Personnel costs were close to unchanged. In relation to sales, R,D&E costs declined from 5.6% to 4.8%.

**Other income (expense), net** deteriorated by $6 million compared to the prior year, mainly due to lower government income.

**Operating income** increased by $103 million compared to the same period in 2020, mainly as a consequence of the higher gross profit partially offset by higher costs for S,G&A and R,D&E, net.

**Adjusted operating income** (non-US-GAAP measure, see reconciliation table below) increased by $101 million compared to the prior year, mainly due to higher gross profit partially offset by higher costs for S,G&A and R,D&E, net.

**Financial and non-operating items, net**. Costs were $3 million lower compared to the prior year, mainly due to higher income from equity method investments.

**Income before taxes** increased by $106 million compared to the prior year, mainly due to the higher operating income.

**Tax rate** was 27.7%, compared to 32.7% in the same quarter last year, when the tax rate was negatively impacted by about 5pp due to negative country mix.

**Earnings per share, diluted** increased by $0.93 compared to a year earlier, where the main drivers were $0.79 from higher adjusted operating income (non-US-GAAP measure, see reconciliation table below) and $0.13 from lower tax.

**LIQUIDITY AND CAPITAL RESOURCES**

**First quarter 2021 development**

**Trade working capital** (non-US-GAAP measure, see reconciliation table below) was 16.6% of sales compared to 18.1% of sales a year earlier, mainly a consequence of the higher sales and accounts payables increasing relatively more than receivables and inventories.

**Operating cash flow** was $186 million, compared to $156 million a year earlier. The improvement was mainly due to positive effects from higher net income, partially offset by adverse effects from changes in operating working capital.

**Capital expenditure, net** increased by 6%, supporting the organic growth. Capital expenditure, net in relation to sales was 4.1% vs. 4.8% a year earlier.

**Operating cash flow less Capital expenditures, net** amounted to $93 million, compared to $68 million a year earlier. The increase was due to the higher operating cash flow, partially offset by the higher capital expenditure, net.

**Net debt** (non-US-GAAP measure, see reconciliation table below)was $1,115 million as of March 31, 2021, which was $515 million lower than a year earlier and $100 million lower compared to December 31, 2020.

**Liquidity position.** At March 31, 2021, our cash balance was $1.3 billion, and including committed, unused loan facilities, our liquidity position was $2.4 billion.

**Leverage ratio** (non-US-GAAP measure, see calculation in table below)**.** Autoliv’s policy is to maintain a leverage ratio commensurate with a strong investment grade credit rating. The Company measures its leverage ratio as net debt\* adjusted for pension liabilities in relation to adjusted EBITDA (non-US-GAAP measure, see calculation in table below)**.** The long-term target is to maintain a leverage ratio of around 1.0x within a range of 0.5x to 1.5x. As of March 31, 2021, the Company had a leverage ratio of 1.4x, compared to 1.7x at March 31, 2020 as the lower net debt was only partially offset by a lower adjusted 12-months trailing EBITDA.

**Total equity** increased by $477 million compared to March 31, 2020 mainly due to $271 million in net income and $135 million from positive foreign exchange effects as well as positive effects from the cancellation of dividend declared in 2020 of $54 million and treasury stock of $13 million.

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**NON-U.S. GAAP MEASURES**

**Reconciliation of U.S. GAAP financial measures to “Adjusted operating income”, “Adjusted operating margin” and “Adjusted EPS”**

**(Dollars in millions, except per share data)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Three months ended March 31, 2021** | | | | | | | | | |  |  | **Three months ended March 31, 2020** | | | | | | | | | |  |
|  |  | **Reported**  **U.S.**  **GAAP** | |  |  | **Adjustments1)** | |  |  | **Non-U.S.**  **GAAP** | |  |  | **Reported**  **U.S.**  **GAAP** | |  |  | **Adjustments1)** | |  |  | **Non-U.S.**  **GAAP** | |  |
| Operating income |  | $ | 237 |  |  | $ | — |  |  | $ | 237 |  |  | $ | 134 |  |  | $ | 2 |  |  | $ | 136 |  |
| Operating margin, % |  |  | 10.6 |  |  |  | — |  |  |  | 10.6 |  |  |  | 7.3 |  |  |  | 0.1 |  |  |  | 7.4 |  |
| Earnings per share, diluted |  |  | 1.79 |  |  |  | — |  |  |  | 1.79 |  |  |  | 0.86 |  |  |  | 0.02 |  |  |  | 0.88 |  |

|  |  |
| --- | --- |
| 1) | Including costs for capacity alignment. |

**Items included in Non-U.S. GAAP adjustments**

**(Dollars in millions, except per share data)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Three months ended**  **March 31, 2021** | | | | | |  |  | **Three months ended**  **March 31, 2020** | | | | | |  |
|  |  | **Millions** | |  |  | **Per share** | |  |  | **Millions** | |  |  | **Per share** | |  |
| Capacity alignment |  | $ | — |  |  | $ | — |  |  | $ | 2 |  |  | $ | 0.02 |  |
| **Total adjustments to operating income** |  |  | **—** |  |  |  | **—** |  |  |  | **2** |  |  |  | **0.02** |  |
| Tax on non-U.S. GAAP adjustments1) |  |  | — |  |  |  | — |  |  |  | 0 |  |  |  | 0.00 |  |
| **Total adjustments to net income** |  | **$** | **—** |  |  | **$** | **—** |  |  | **$** | **2** |  |  | **$** | **0.02** |  |

|  |  |
| --- | --- |
| 1) | The tax is calculated based on the tax laws in the respective jurisdiction(s) of the adjustment(s). |

The Company uses the non-U.S. GAAP measure “Trade working capital,” as defined in the table below, in its communications with investors and for management’s review of the development of the trade working capital cash generation from operations. The reconciling items used to derive this measure are, by contrast, managed as part of the Company’s overall cash and debt management, but they are not part of the responsibilities of day-to-day operations’ management.

**Calculation of “Trade working capital”**

**(Dollars in millions)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **March 31, 2021** | |  |  | **December 31, 2020** | |  |  | **March 31, 2020** | |  |
| Receivables, net |  | $ | 1,846 |  |  | $ | 1,822 |  |  | $ | 1,428 |  |
| Inventories, net |  |  | 856 |  |  |  | 798 |  |  |  | 772 |  |
| Accounts payable |  |  | (1,215 | ) |  |  | (1,254 | ) |  |  | (863 | ) |
| **Trade working capital** |  | **$** | **1,487** |  |  | **$** | **1,366** |  |  | **$** | **1,337** |  |

**Reconciliation of U.S. GAAP financial measure to “Net debt”**

**(Dollars in millions)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **March 31, 2021** | |  |  | **December 31, 2020** | |  |  | **March 31, 2020** | |  |
| Short-term debt |  | $ | 291 |  |  | $ | 302 |  |  | $ | 319 |  |
| Long-term debt |  |  | 2,039 |  |  | $ | 2,110 |  |  | $ | 2,209 |  |
| **Total debt** |  |  | **2,330** |  |  | **$** | **2,411** |  |  | **$** | **2,528** |  |
| Cash and cash equivalents |  |  | (1,254 | ) |  | $ | (1,178 | ) |  | $ | (907 | ) |
| Debt issuance cost/Debt-related derivatives, net |  |  | 39 |  |  | $ | (19 | ) |  | $ | 9 |  |
| **Net debt** |  | **$** | **1,115** |  |  | **$** | **1,214** |  |  | **$** | **1,630** |  |

The non-U.S. GAAP measure net debt is also used in the non-U.S. GAAP measure “Leverage ratio”. Management uses this measure to analyze the amount of debt the Company can incur under its debt policy. Management believes that this policy also provides guidance to credit and equity investors regarding the extent to which the Company would be prepared to leverage its operations. For details on leverage ratio refer to the table below. In 2021, the EBITDA calculation was redefined to exclude other non-operating items and income from equity method investments. EBITDA and Leverage ratio in prior periods have been recalculated resulting in minor adjustments.

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**Calculation of “Leverage ratio”**

**(Dollars in millions)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **March 31, 2021** | |  |  | **December 31, 2020** | |  |  | **March 31, 2020** | |  |
| Net debt1) |  | $ | 1,115 |  |  | $ | 1,214 |  |  | $ | 1,630 |  |
| Pension liabilities |  |  | 239 |  |  |  | 248 |  |  |  | 232 |  |
| **Debt per the Policy** |  |  | **1,354** |  |  |  | **1,462** |  |  |  | **1,861** |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income2) |  |  | 271 |  |  |  | 188 |  |  |  | 426 |  |
| Income taxes 2) |  |  | 127 |  |  |  | 103 |  |  |  | 180 |  |
| Interest expense, net2,3) |  |  | 69 |  |  |  | 68 |  |  |  | 64 |  |
| Other non-operating items, net2) |  |  | 23 |  |  |  | 25 |  |  |  | 18 |  |
| Income from equity method investments2) |  |  | (4 | ) |  |  | (2 | ) |  |  | (1 | ) |
| Depreciation and amortization of intangibles2) |  |  | 381 |  |  |  | 371 |  |  |  | 349 |  |
| Capacity alignments and separation costs2), 4) |  |  | 98 |  |  |  | 99 |  |  |  | 56 |  |
| **EBITDA per the Policy (Adjusted EBITDA)** |  | **$** | **964** |  |  | **$** | **852** |  |  | **$** | **1,092** |  |
| **Leverage ratio** |  |  | **1.4** |  |  |  | **1.7** |  |  |  | **1.7** |  |

|  |  |
| --- | --- |
| 1) | Net debt (non-U.S. GAAP measure) is short- and long-term debt and debt-related derivatives, less cash and cash equivalents. |
| 2) | Latest 12-months. |
| 3) | Interest expense, net including cost for extinguishment of debt, if any, less interest income. |

4) No separation costs included in latest 12-months as of March 31, 2021 and December 31, 2020. In latest 12-months as of March 31, 2020, separation costs amounted to $1 million.

**Headcount**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **March 31, 2021** | |  |  | **December 31, 2020** | |  |  | **March 31, 2020** | |  |
| Total headcount |  |  | 66,600 |  |  |  | 68,200 |  |  |  | 65,500 |  |
| Whereof: |  |  |  |  |  |  |  |  |  |  |  |  |
| Direct personnel in manufacturing |  |  | 48,700 |  |  |  | 50,300 |  |  |  | 46,700 |  |
| Indirect personnel |  |  | 17,900 |  |  |  | 17,900 |  |  |  | 18,700 |  |
| Temporary personnel |  |  | 10 | % |  |  | 11 | % |  |  | 8 | % |

By March 31, 2021, total headcount increased by 2% compared to a year earlier, driven by an increase of around 4% of the direct workforce and a reduction of around 4% of the indirect workforce. Compared to December 31, 2020, total headcount (permanent employees and temporary personnel) decreased by around 1,600. This was driven by a decrease of around 3% of the direct workforce reflecting a lower light vehicle production compared to fourth quarter 2020, while the indirect workforce was unchanged.

**Full year 2021 indications**

The Company’s outlook indications for 2021 reflect continuing uncertainty in the automotive markets and are mainly based on its customer call-offs and global LVP according to IHS Markit. As the Company is back inside its target range for leverage ratio, the Company will no longer guide for that measure.

|  |  |  |
| --- | --- | --- |
| **Financial measure** |  | **Full year indication** |
| Net sales growth |  | Around 23% |
| Organic sales growth |  | Around 20% |
| Adjusted operating margin 1) |  | Around 10% |
| R,D&E, net % of sales |  | Around 4.5% |
| Tax rate 2) |  | Around 30% |
| Operating cash flow 3) |  | Similar level as 2020 |
| Capex, net % of sales |  | Below 6% |
| 1) Excluding costs for capacity alignments and antitrust related matters. | | |
| 2) Excluding unusual tax items. | | |
| 3) Excluding unusual items. | | |

**OFF-BALANCE SHEET ARRANGEMENTS**

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a material current or future effect on its financial position, results of operations or cash flows.

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**CONTRACTUAL OBLIGATIONS AND COMMITMENTS**

The Company’s future contractual obligations have not changed materially from the amounts reported in the Company’s Annual Report on Form 10-K for the year ended December 31, 2020 filed with the SEC on February 19, 2021.

**OTHER RECENT EVENTS**

**Key launches in the First Quarter of 2021**

**Jeep Grand Cherokee L** -Driver/Passenger airbags, Knee Airbag, Side airbags, Head/Inflatable Curtain airbags and Seatbelts.

**Peugeot 308** – Steering Wheel, Driver/Passenger airbags, Side airbags, Head/Inflatable Curtain airbags and Seatbelts.

**Mitsubishi Outlander** - Steering Wheel, Driver/Passenger airbags, Side airbags, Head/Inflatable Curtain airbags, Seatbelts and Front center airbag.

**Hyundai Ioniq 5** -Driver/Passenger airbags, Head/Inflatable Curtain airbags and Seatbelts.

**Arcfox aS** -Steering Wheel, Driver/Passenger airbags, Side airbags and Head/Inflatable Curtain airbags.

**Hyundai Bayon** - Steering Wheel and Seatbelts.

**WEY Mocha** -Steering Wheel, Driver/Passenger airbags, Side airbags, Head/Inflatable Curtain airbags, Seatbelts, Hood lifter, Front center airbag and Knee airbag.

**Mercedes C-Class** - Steering Wheel and Driver/Passenger airbags.

**Acura MDX** - Steering Wheel, Driver/Passenger airbags, Side airbags, Head/Inflatable Curtain airbags, Seatbelts and Knee airbag.

**Other Items**

|  |  |
| --- | --- |
| • | On February 16, 2021, Autoliv announced its plans to build a new inflator manufacturing plant in Chennai, India to serve the growing demand in India. |
| • | On February 19, 2021, Autoliv announced the approval of the renewal for one year of its €3 billion guaranteed euro medium term note programme originally established on April 11, 2019. |
| • | On March 22, 2021, Autoliv announced its nominees for election by the stockholders to the Board of Directors at the 2021 annual meeting of stockholders, including Mr. Martin Lundstedt, President and CEO of AB Volvo as a new nominee to the Board. Mr. Lundstedt is a member of the Board of the European Automobile Manufacturers Association (ACEA) and the Royal Swedish Academy of Engineering Sciences (IVA). The Board has determined that Mr. Lundstedt is “independent” according to the New York Stock Exchange’s rules and regulations. Mr. James Ringler and Mr. David Kepler, current members of the Board, will not stand for re-election. |

|  |  |
| --- | --- |
| • | On April 20, 2021, Autoliv and Mersen announced a joint collaboration to deliver high voltage disconnect devices to make electric vehicles safer. |

|  |  |
| --- | --- |
| • | The Company set May 12, 2021 as the date for its 2021 annual meeting of stockholders. The meeting will be a virtual-only meeting. Only the stockholders of record at the close of business on March 15, 2021 will be entitled to be present and vote at the meeting. |

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**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

As of March 31, 2021, there have been no material changes to the information related to quantitative and qualitative disclosures about market risk that was provided in the Company’s Annual Report on Form 10-K for the year ended December 31, 2020 filed with the SEC on February 19, 2021.

**ITEM 4. CONTROLS AND PROCEDURES**

|  |  |
| --- | --- |
| (a) | Evaluation of Disclosure Controls and Procedures |

An evaluation has been carried out, under the supervision and with the participation of the Company's management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures are effective.

|  |  |
| --- | --- |
| (b) | Changes in Internal Control over Financial Reporting |

There have not been any changes in the Company’s internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

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**PART II - OTHER INFORMATION**

**ITEM 1. LEGAL PROCEEDINGS**

In the ordinary course of our business, we are subject to legal proceedings brought by or against us and our subsidiaries.

See Part I, Item 1, "Financial Statements, Note 9 Contingent Liabilities" of this Quarterly Report on Form 10-Q for a summary of certain ongoing legal proceedings. Such information is incorporated into this Part II, Item 1—"Legal Proceedings" by reference.

**ITEM 1A. RISK FACTORS**

As of March 31, 2021, there have been no material changes to the risk factors that were previously disclosed in Item 1A in the Company’s Form 10-K for the year ended December 31, 2020 filed with the SEC on February 19, 2021.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

**Stock repurchase program**

During the three months ended March 31, 2021, the Company made no stock repurchases. The Company is authorized to purchase up to 47.5 million shares of common stock under its stock repurchase program, which was first approved by the board of directors of the Company on May 9, 2000. Under the existing authorization, 2,986,288 shares may be repurchased. The stock repurchase program does not have an expiration date.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

Not applicable.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**ITEM 5. OTHER INFORMATION**

Not applicable.

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**ITEM 6. EXHIBITS**

|  |  |  |
| --- | --- | --- |
| **Exhibit No.** |  | **Description** |
|  |  |  |
| 3.1 |  | [Autoliv’s Restated Certificate of Incorporation, as amended, incorporated herein by reference to Exhibit 3.1 to the Quarterly Report on Form 10-Q (File No. 001-12933, filing date April 22, 2015).](https://content.edgar-online.com/ExternalLink/EDGAR/0001193125-15-141900.html?hash=ebacd3660aaccd0a9648f38caf3db3d462f54618669d76c84f987a7fbe3aadae&dest=D896012DEX31_HTM) |
|  |  |  |
| 3.2 |  | [Autoliv’s Third Restated By-Laws incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K (File No. 001-12933, filing date December 18, 2015).](https://content.edgar-online.com/ExternalLink/EDGAR/0001193125-15-407851.html?hash=5f2b0eef8c3d9ba9f6092247e58a2b95b2cea455a2f91545263a0a3a45dc884a&dest=D32830DEX31_HTM) |
|  |  |  |
| 4.1 |  | [Indenture, dated March 30, 2009, between Autoliv, Inc. and U.S. Bank National Association, as trustee, incorporated herein by reference to Exhibit 4.1 to Autoliv’s Registration Statement on Form 8-A (File No. 001-12933, filing date March 30, 2009).](https://content.edgar-online.com/ExternalLink/EDGAR/0001193125-09-067376.html?hash=d91a455f4843471b53257740e8ddbbaa8fc92ac69c148aeff63029bce97dea6b&dest=DEX41_HTM) |
|  |  |  |
| 4.2 |  | [Second Supplemental Indenture (including Form of Global Note), dated March 15, 2012, between Autoliv, Inc. and U.S. Bank National Association, as trustee, incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K (File No. 001-12933, filing date March 15, 2012).](https://content.edgar-online.com/ExternalLink/EDGAR/0001193125-12-117495.html?hash=19e1a3eee5e6b21b919d6d1c2173125fc12e3e5b7f1077e16b3443fd7d0f8e2b&dest=D316612DEX41_HTM)‌ |
|  |  |  |
| 4.3 |  | [Form of Note Purchase and Guaranty Agreement dated April 23, 2014, among Autoliv ASP, Inc., Autoliv, Inc. and the purchasers named therein, incorporated herein by reference to Exhibit 4.6 to the Quarterly Report on Form 10-Q (File No. 001-12933, filing date April 25, 2014).](https://content.edgar-online.com/ExternalLink/EDGAR/0001193125-14-158776.html?hash=56650ce4ee2d4acb325844e56bfe381b0c46f7c198cbc32ee8e100a95d0ac765&dest=D694785DEX46_HTM) |
|  |  |  |
| 4.4 |  | [Amendment and Waiver 2014 Note Purchase and Guaranty Agreement, dated May 24, 2018, among Autoliv, Inc., Autoliv ASP, Inc. and the noteholders named therein, incorporated herein by reference to Exhibit 4.4 to the Quarterly Report on Form 10-Q (File No. 001-12933, filing date July 27, 2018).](https://content.edgar-online.com/ExternalLink/EDGAR/0001564590-18-017723.html?hash=9a183ecb9208e003d3a8e92171667dc675ffe5d95ef0b917d5631654b4690ecd&dest=ALV-EX44_502_HTM) |
|  |  |  |
| 4.5 |  | [General Terms and Conditions for Swedish Depository Receipts in Autoliv, Inc. representing common shares in Autoliv, Inc., effective as of May 30, 2018, with Skandinaviska Enskilda Banken AB (publ) serving as a custodian, incorporated herein by reference to Exhibit 4.5 to the Quarterly Report on Form 10-Q (File No. 001-12933, filing date July 27, 2018).](https://content.edgar-online.com/ExternalLink/EDGAR/0001564590-18-017723.html?hash=9a183ecb9208e003d3a8e92171667dc675ffe5d95ef0b917d5631654b4690ecd&dest=ALV-EX45_318_HTM) |
|  |  |  |
| 4.6 |  | [Agency Agreement dated June 26, 2018 among Autoliv, Inc., Autoliv ASP, Inc. and HSBC Bank PLC, incorporated herein by reference to Exhibit 4.6 to the Quarterly Report on Form 10-Q (File No. 001-12933, filing date July 27, 2018).](https://content.edgar-online.com/ExternalLink/EDGAR/0001564590-18-017723.html?hash=9a183ecb9208e003d3a8e92171667dc675ffe5d95ef0b917d5631654b4690ecd&dest=ALV-EX46_329_HTM) |
|  |  |  |
| 4.7 |  | [Base listing particulars Agreement, dated April 11, 2019, among Autoliv, Inc., Autoliv ASP, Inc. and the dealers named therein., incorporated herein by reference to Exhibit 4.7 to the Quarterly Report on Form 10-Q (File No. 001-12933, filing date April 26, 2019).](https://content.edgar-online.com/ExternalLink/EDGAR/0001564590-19-013244.html?hash=ee9207804422598ddb3678cb89ca1c6dd6b30fbd11742ad0643d5cbea9a284db&dest=ALV-EX47_609_HTM) |
|  |  |  |
| 4.8 |  | [Programme Agreement, dated April 11, 2019, among Autoliv, Inc., Autoliv ASP, Inc. and the dealers named therein, incorporated herein by reference to Exhibit 4.8 to the Quarterly Report on Form 10-Q (File No. 001-12933, filing date April 26, 2019).](https://content.edgar-online.com/ExternalLink/EDGAR/0001564590-19-013244.html?hash=ee9207804422598ddb3678cb89ca1c6dd6b30fbd11742ad0643d5cbea9a284db&dest=ALV-EX48_335_HTM) |
|  |  |  |
| 4.9 |  | [Agency Agreement, dated April 11, 2019, among Autoliv, Inc., Autoliv ASP, Inc. and the dealers named therein, incorporated herein by reference to Exhibit 4.9 to the Quarterly Report on Form 10-Q (File No. 001-12933, filing date April 26, 2019).](https://content.edgar-online.com/ExternalLink/EDGAR/0001564590-19-013244.html?hash=ee9207804422598ddb3678cb89ca1c6dd6b30fbd11742ad0643d5cbea9a284db&dest=ALV-EX49_336_HTM) |
|  |  |  |
| 4.10 |  | [Base Listing Particulars Agreement, dated February 21, 2020, among Autoliv, Inc., Autoliv ASP, Inc. and the dealers named therein, incorporated herein by reference to Exhibit 4.10 to the Quarterly Report on Form 10-Q (File No. 001-12933, filing date April 24, 2020).](https://content.edgar-online.com/ExternalLink/EDGAR/0001564590-20-018358.html?hash=f3ef27b304ce883b05b1cabe8d7d739471e4ba836366704226a08ccee0b18285&dest=ALV-EX410_441_HTM) |
|  |  |  |
| 4.11 |  | [Amended and Restated Programme Agreement, dated February 21, 2020, among Autoliv, Inc., Autoliv ASP, Inc. and the dealers named therein, incorporated herein by reference to Exhibit 4.11 to the Quarterly Report on Form 10-Q (File No. 001-12933, filing date April 24, 2020).](https://content.edgar-online.com/ExternalLink/EDGAR/0001564590-20-018358.html?hash=f3ef27b304ce883b05b1cabe8d7d739471e4ba836366704226a08ccee0b18285&dest=ALV-EX411_439_HTM) |
|  |  |  |
| 4.12 |  | [Amended and Restated Agency Agreement, dated February 21, 2020, among Autoliv, Inc., Autoliv ASP, Inc. and the dealers named therein, incorporated herein by reference to Exhibit 4.12 to the Quarterly Report on Form 10-Q (File No. 001-12933, filing date April 24, 2020).](https://content.edgar-online.com/ExternalLink/EDGAR/0001564590-20-018358.html?hash=f3ef27b304ce883b05b1cabe8d7d739471e4ba836366704226a08ccee0b18285&dest=ALV-EX412_440_HTM)‌ |
|  |  |  |
| 4.13\* |  | [Base Listing particulars Agreement, February 19, 2021, among Autoliv, Inc., Autoliv ASP, Inc. and the dealers named therein.](#BKMK_104) |
|  |  |  |
| 4.14\* |  | [Amended and Restated Programme Agreement, dated February 19, 2021, among Autoliv, Inc., Autoliv ASP, Inc. and the dealers named therein.](#BKMK_105) |
|  |  |  |
| 4.15\* |  | [Amended and Restated Agency Agreement, dated February 19, 2021, among Autoliv, Inc., Autoliv ASP, Inc. and the dealers named therein.](#BKMK_106) |
|  |  |  |
| 10.1+\* |  | [Amendment No. 2, effective March 9, 2021, to Employment Agreement, effective March 21, 2018, by and between Autoliv Inc. and Jordi Lombarte.](#BKMK_107) |
|  |  |  |
| 10.2+\* |  | [Employment Agreement, dated October 1, 2020 and effective as of November 1, 2020, by and between Autoliv, Inc. and Colin Naughton.](#BKMK_108) |
|  |  |  |

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|  |  |  |  |
| --- | --- | --- | --- |
| **Exhibit No.** | |  | **Description** |
| 10.3+\* | |  | [Form of Employee 2021 restricted stock units grant agreement promised under the Autoliv, Inc 1997 Stock Incentive Plan, as amended and restated.](#BKMK_111) |
|  | |  |  |
| 10.4+\* | |  | [Form of Employee 2021 performance share units grant agreement promised under the Autoliv, Inc 1997 Stock Incentive Plan, as amended and restated.](#BKMK_112) |
|  | |  |  |
| 10.5+\* | |  | [Amendment No. 1, effective April 1, 2021, to Employment Agreement, effective March 18, 2019, by and between Autoliv Inc. and Christian Swahn.](#BKMK_113) |
|  | |  |  |
| 31.1\* | |  | [Certification of the Chief Executive Officer of Autoliv, Inc. pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.](#BKMK_114) |
|  | |  |  |
| 31.2\* | |  | [Certification of the Chief Financial Officer of Autoliv, Inc. pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.](#BKMK_115) |
|  | |  |  |
| 32.1\* | |  | [Certification of the Chief Executive Officer of Autoliv, Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#BKMK_116) |
|  | |  |  |
| 32.2\* | |  | [Certification of the Chief Financial Officer of Autoliv, Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#BKMK_117) |
|  | |  |  |
| 101.INS\* | |  | Inline XBRL Instance Document – The instance document does not appear in the Interactive Date File because its XBRL tags are embedded within the inline XBRL document. |
|  | |  |  |
| 101.SCH\* | |  | Inline XBRL Taxonomy Extension Schema Document. |
|  | |  |  |
| 101.CAL\* | |  | Inline XBRL Taxonomy Extension Calculation Linkbase Document. |
|  | |  |  |
| 101.DEF\* | |  | Inline XBRL Taxonomy Extension Definition Linkbase Document. |
|  | |  |  |
| 101.LAB\* | |  | Inline XBRL Taxonomy Extension Label Linkbase Document. |
|  | |  |  |
| 101.PRE\* | |  | Inline XBRL Taxonomy Extension Presentation Linkbase Document. |
|  | |  |  |
| 104\* | |  | Cover Page Interactive Data File (embedded within the inline XBRL document). |
|  | |  |  |
| \* | Filed herewith. | | |
| + | Management contract or compensatory plan. | | |

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: April 23, 2021

AUTOLIV, INC.

(Registrant)

|  |  |  |
| --- | --- | --- |
| By: |  | /s/ Fredrik Westin |
|  |  | Fredrik Westin |
|  |  | Chief Financial Officer |
|  |  | (Duly Authorized Officer and Principal Financial Officer) |

29

**Exhibit 4.13**

**BASE LISTING PARTICULARS  
19 February 2021**

**AUTOLIV, INC.**

*(incorporated as a company with limited liability in the State of Delaware, U.S.A.)*

**EUR 3,000,000,000  
Guaranteed Euro Medium Term Note Programme  
Guaranteed by**

**AUTOLIV ASP, INC.**

*(incorporated as a company with limited liability in the State of Indiana, U.S.A.)*

|  |
| --- |
|  |
| Under the Guaranteed Euro Medium Term Note Programme (the “**Programme**”) described in this base listing particulars (the “**Base Listing Particulars**”), Autoliv, Inc. (the “**Issuer**”), subject to compliance with all relevant laws, regulations and directives, may from time to time issue euro medium term notes (the “**Notes**”) guaranteed by Autoliv ASP, Inc. (the “**Guarantor**”). The aggregate nominal amount of Notes outstanding under the Programme will not at any time exceed EUR 3,000,000,000 (or the equivalent in other currencies at the time of issue). The Notes may be issued on a continuing basis to one or more of the Dealers specified herein or any other Dealer appointed under the Programme from time to time by the Issuer and the Guarantor (each a “**Dealer**” and together the “**Dealers**”), which appointment may be for a specific issue or on an on-going basis. References in this Base Listing Particulars to the “**relevant Dealer**” shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes. The Notes will be issued in registered form.  **Prospective investors should have regard to the factors described in the section headed** “***Risk Factors***” **herein.**  This Base Listing Particulars does not constitute a prospectus for the purposes of Article 8 of Regulation (EU) 2017/1129 (as amended, the “**EU** **Prospectus Regulation**”) and, accordingly, no offer to the public may be made and no admission to trading may be applied for on any market in the European Economic Area (the “**EEA**”) or the United Kingdom (the "**UK**") designated as a regulated market, for the purposes of the Prospectus Regulation or Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”) (the “**UK Prospectus Regulation**”) (as the case may be). Application has been made to The Irish Stock Exchange plc trading as Euronext Dublin (“**Euronext Dublin**”) for its approval of this Base Listing Particulars. Application has been made to Euronext Dublin for the Notes issued under the Programme to be admitted to the official list (the “**Official List**”) and to trading on the Global Exchange Market of Euronext Dublin (the “**GEM**”) for a period of 12 months from the date of these Base Listing Particulars. The GEM is not a regulated market for the purposes of Directive 2014/65/EU on markets in financial instruments (as amended, “**MiFID II**”). References in this Base Listing Particulars to Notes being “listed” (and all related references) shall mean that such Notes have been admitted to the Official List and to trading on the GEM. The Programme provides that Notes may be unlisted or listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer and as specified in the applicable pricing supplement (the “**Pricing Supplement**”).  **The Notes and the guarantee of the Notes by the Guarantor (the** “**Guarantee**”**) have not been and will not be registered under the United States Securities Act of 1933, as amended (the** “**Securities Act**”**) or with any securities regulatory authority of any state or other jurisdiction of the United States. The Notes are being offered and sold outside the United States in offshore transactions in accordance with Regulation S under the Securities Act (**“**Regulation S**”**), and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.**  The Issuer and Guarantor have each been assigned a long-term debt credit rating of BBB by S&P Global Ratings Europe Limited (“**S&P**”). The Programme has been rated BBB by S&P.    ***Arranger***  **Morgan Stanley**  ***Dealers***  **Morgan Stanley**    Bank of ChinaCitigroupDNBINGJ.P. MorganMizuho Securities MUFGSEBSociété Générale Corporate & Investment Banking |

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**IMPORTANT INFORMATION**

This document constitutes base listing particulars in respect of the admission of the Notes to the Official List and to trading on the GEM and for the purpose of giving information with regard to the Issuer and its subsidiaries (including the Guarantor) taken as a whole (the “**Group**”) and the Notes which, according to the particular nature of the Issuer, the Guarantor and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer and the Guarantor and of the rights attaching to the Notes.

Each of the Issuer and the Guarantor accept responsibility for the information contained in this Base Listing Particulars and the Pricing Supplement for each Tranche of Notes issued under the Programme and declares that, to the best of the knowledge of the Issuer and the Guarantor (each having taken all reasonable care to ensure that such is the case) the information contained in this Base Listing Particulars and the Pricing Supplement for each Tranche of Notes issued under the Programme is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each Tranche of Notes will be issued on the terms set out herein under “*Terms and Conditions of the Notes*” (the “**Conditions**”) as completed by a document specific to such Tranche called the Pricing Supplement (see section entitled “*Pricing Supplement*”).

This Base Listing Particulars is to be read in conjunction with any supplements hereto and with any information incorporated by reference herein and in relation to any Tranche of Notes, which is the subject of a Pricing Supplement, must be read and construed together with the relevant Pricing Supplement. This Base Listing Particulars may only be used for the purposes for which it has been published.

The Pricing Supplement will include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

The Pricing Supplement will include a legend entitled “UK MiFIR Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

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If the Pricing Supplement in respect of any Tranche of Notes includes a legend entitled “Prohibition of Sales to EEA Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended or superseded, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

If the Pricing Supplement in respect of any Tranche of Notes includes a legend entitled "Prohibition of Sales to UK Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

S&P is established in the European Union (“**EU**”) and is registered under Regulation (EC) No 1060/2009 as amended (the “**EU** **CRA Regulation**”) and is included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority (“**ESMA**”). Ratings issued by S&P have been endorsed into the UK by S&P Global Ratings UK Limited for regulatory purposes under Regulation (EC) No 1060/2009 as it forms part of domestic law by virtue of the EUWA (the “**UK CRA Regulation**”) and as amended by the Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019. As such, the ratings issued by S&P may be used for regulatory purposes in the UK in accordance with the UK CRA Regulation. Notes issued under the Programme may or may not be rated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to Notes already issued.

S&P's credit ratings are on a long-term debt rating scale that ranges from AAA to D, which represents the range from highest to lowest quality of such securities rated. According to the S&P rating system, an obligation rated “BBB” indicates an adequate capacity to meet financial commitments, but more subject to adverse economic conditions than obligations in higher rated categories. The ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

Credit ratings are intended to provide investors with an independent assessment of the credit quality of an issue or issuer of securities and do not speak to the suitability of particular securities for any particular investor. Any credit ratings assigned to the Notes may not reflect the potential impact of all risks on the value of the Notes. A credit rating is therefore not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the relevant rating agencies. Prospective investors should consult the relevant rating agency with respect to the interpretation and implications of the ratings.

The Issuer and the Guarantor have confirmed to the Arranger and the Dealers that this Base Listing Particulars contains all material information with respect to the Issuer, the Guarantor and the Notes (including all information which, according to the particular nature of the Issuer, the Guarantor and of the Notes, is necessary to enable investors

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to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the Guarantor and of the rights attaching to the Notes), that the information contained or incorporated in this Base Listing Particulars is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Base Listing Particulars are honestly held and that there are no other facts the omission of which would make this Base Listing Particulars or any of such information or the expression of any such opinions or intentions misleading.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arranger or the Dealers as to the accuracy or completeness of the information contained in this Base Listing Particulars or any other information provided by the Issuer and/or the Guarantor. The Arranger and the Dealers have not verified the information contained herein.

No person is or has been authorised by the Issuer or the Guarantor to give any information or to make any representation not contained in or not consistent with this Base Listing Particulars or any other information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor, the Arranger or the Dealers.

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

Neither the delivery of this Base Listing Particulars nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer and/or the Guarantor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Arranger and the Dealers expressly do not undertake to review the financial condition or affairs of the Issuer or the Guarantor during the life of the Notes.

The Notes have not been recommended, approved or disapproved by the U.S. Securities and Exchange Commission or any other federal or state securities commission or regulatory authority in the United States, nor has any such commission or regulatory authority passed comment upon the accuracy or adequacy of this Base Listing Particulars. Any representation to the contrary is a criminal offence in the United States.

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed EUR 3,000,000,000 (and for this purpose, any Notes denominated in another currency shall be converted into EUR at the date of the agreement to issue such Notes). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Programme Agreement.

**IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE LISTING PARTICULARS AND OFFERS OF THE NOTES GENERALLY**

The distribution of this Base Listing Particulars and the offer or sale of the Notes may be restricted by law in certain jurisdictions. The Issuer, the Guarantor, the Arranger or the Dealers do not represent that this Base Listing Particulars may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any

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responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor, the Arranger or the Dealers which would permit a public offering of the Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Base Listing Particulars nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the Dealers have represented that all offers and sales by them will be made on the same terms. Persons into whose possession this Base Listing Particulars or any Notes come must inform themselves about and observe any such restrictions. The Notes have not been registered under the Securities Act. Subject to certain exceptions, the Notes may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons. In particular, there are restrictions on the distribution of this Base Listing Particulars and the offer or sale of the Notes in the United States, the Kingdom of Sweden, the United Kingdom and the EEA (see “*Subscription and Sale*” below).

**PRESENTATION OF INFORMATION**

References in this document to “**euro**”, “**EUR**” and “**€**” refer to the currency introduced at the start of the third stage of the European economic and monetary union and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended, references to “**US$**”, “**US dollars**” or “**dollars**” are to United States dollars, references to “**Sterling**” and “**£**” are to pounds sterling and references to “**SEK**” and “**Swedish Kronor**” are to the lawful currency of the Kingdom of Sweden.

**STABILISATION**

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

**SUITABILITY OF INVESTMENT**

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

|  |  |
| --- | --- |
| (i) | has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Listing Particulars or any applicable supplement; |
| (ii) | has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio; |
| (iii) | has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor’s currency; |

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|  |  |
| --- | --- |
| (iv) | understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and |
| (v) | is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks. |

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

**INFORMATION REGARDING FORWARD-LOOKING STATEMENTS**

This Base Listing Particulars contains or incorporates by reference forward-looking statements. The words “estimates,” “expects,” “anticipates,” “projects,” “plans,” “intends,” “believes,” “may,” “likely,” “might,” “would,” “should,” “could,” or the negative of these terms and other similar expressions that are predictions of or indicate future events and future trends identify forward-looking statements. These forward-looking statements include all matters that are not historical facts. Such forward-looking statements include those that address activities, events or developments that the Issuer or its management or the Guarantor or its management believes or anticipates may occur in the future. All forward-looking statements, including without limitation, statements regarding management’s examination of historical operating trends and data, estimates of future sales, operating margin, cash flow, effective tax rate or other future operating performance or financial results are based upon current expectations of management, various assumptions and/or data available from third parties. There can be no assurance that such forward-looking statements will materialise or prove to be correct as forward-looking statements are inherently subject to known and unknown risks, uncertainties and other factors which may cause actual future results, performance or achievements to differ materially from the future results, performance or achievements expressed in or implied by such forward-looking statements. In particular, the statements under the headings “*Risk Factors*” and “*Description of the Group*”, and regarding the Group’s strategy and other future events or prospects are forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Issuer’s present and future business strategies and the environment in which the Group will operate in the future. Forward-looking statements are not guarantees of future performance. The actual results, performance or achievements of the Group, or industry results, may be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. In addition, even if actual performance, results of operations, internal rate of return, financial condition and the development of its financing strategies are consistent with the forward-looking statements contained in this Base Listing Particulars, those results or developments may not be indicative of results or developments in subsequent periods.

Key risks, uncertainties and other factors that could cause actual results to differ from those expected are set out more fully in the section of this Base Listing Particulars headed “*Risk Factors*”. Investors should specifically and carefully consider these factors, which could cause actual results to differ, before making an investment decision.

These forward-looking statements reflect the Issuer’s and/or the Guarantor’s judgement as at the date hereof and are not intended to give any assurances as to future results. The Issuer and the Guarantor are not obliged, and do not intend, to update or otherwise revise any forward-looking statements, including any projections, forecasts or estimates. This includes revisions to reflect changes in economic conditions or other circumstances arising after the date of this Base Listing Particulars or to reflect the occurrence of unanticipated events. As a result of these risks, uncertainties and assumptions, investors should not place undue reliance on these forward-looking statements.

**Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time** (the “**SFA**”) – Unless otherwise stated in the Pricing Supplement in respect of any Notes, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

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**PRESENTATION OF FINANCIAL INFORMATION**

The Group prepares its consolidated financial statements in accordance with United States generally accepted accounting principles (“**U.S. GAAP**”) and, unless otherwise stated, all financial information relating to the Group contained or incorporated by reference in this Base Listing Particulars has been prepared in accordance with U.S. GAAP.

All financial information relating to the Group contained in this Base Listing Particulars, unless otherwise stated, has been extracted from the audited consolidated financial statements of the Group as of and for the fiscal years ended 31 December 2019 and 31 December 20201, as set out in the Issuer’s Annual Report for 2019 on Form 10-K and Annual Report for 2020 on Form 10-K, respectively, which are incorporated by reference into this Base Listing Particulars.

Percentages in tables have been rounded and accordingly may not add up to 100.0%. Certain financial data has been rounded. As a result of this rounding, the totals of data presented in this Base Listing Particulars may vary slightly from the actual arithmetic totals of such data.

***Financial Information on Segments; Spin-Off***

The Issuer considers its products to be components of integrated automotive safety systems. The Issuer historically had two operating segments: (i) Passive Safety (airbags, seatbelts and steering wheels) and (ii) Electronics (restraint control systems, brake control systems and active safety products, such as camera-based vision systems, night vision, automotive radars, positioning systems and related software). The Issuer completed a disposal of the Electronics segment from the Group through a spin-off of Veoneer, Inc. (“**Veoneer**”) which completed on 29 June 2018 (the “**spin-off**”). For financial reporting purposes, these two operating segments were also the Issuer’s reportable segments in accordance with Accounting Standards Codification (ASC) 280 Segment Reporting. Upon completion of the spin-off, the Issuer concluded that it has one reportable segment based on the way the Issuer evaluates its financial performance and manages its operations. For more information regarding the Issuer’s segment reporting, see Note 1 of the 2020 Consolidated Financial Statements.

The financial results incorporated by reference herein present the performance of the Group giving effect to the spin-off of Veoneer. Historical financial results of Veoneer are reflected as “Discontinued Operations”, with the exception of cash flows, which are presented on a consolidated basis of both “Continuing Operations” and “Discontinued Operations” and net income attributable to a controlling interest (Consolidated Autoliv). The restated historical financial information reflecting the spin-off are unaudited, but have been derived from the Group’s historical audited annual reports.

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|  | |
| 1 | It is expected that the audited consolidated financial statements for 2020 will be published in advance of the programme renewal. | |

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**OVERVIEW**

*The following overview must be read as an introduction to this Base Listing Particulars and any decision to invest in the Notes should be based on a consideration of the Base Listing Particulars as a whole, including any information incorporated by reference and, in relation to any particular Tranche of Notes, the applicable Pricing Supplement.*

Words and expressions defined in “*Form of the Notes*” and “*Terms and Conditions of the Notes*” (the “**Conditions**”) shall have the same meanings in this Overview.

|  |  |
| --- | --- |
| Issuer: | Autoliv, Inc. |
| Guarantor: | Autoliv ASP, Inc. |
| Risk Factors: | There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme.  There are also certain factors that may affect the Guarantor's ability to fulfil its obligations under the Guarantee.  In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme and risks relating to the structure of a particular Series issued under the Programme.  All of these are set out under “*Risk Factors*”. |
| Description: | Euro Medium Term Note Programme. |
| Arranger: | Morgan Stanley & Co. International plc. |
| Dealers: | Bank of China Limited, London Branch  Citigroup Global Markets Limited  DNB Bank ASA  ING Bank N.V.  J.P. Morgan Securities plc  Mizuho International plc  Mizuho Securities Europe GmbH  MUFG Securities (Europe) N.V.  Skandinaviska Enskilda Banken AB (publ)  Société Générale |
|  | and any other Dealers appointed in accordance with the Programme Agreement. |
| Certain Restrictions: | Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “*Subscription and Sale*”) including the following restrictions applicable at the date of this Base Listing Particulars. |
|  | **Notes having a maturity of less than one year** |
|  | Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the FSMA unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see “*Subscription and Sale*”. |

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| Fiscal Agent: | HSBC Bank plc |
| Registrar: | HSBC Bank plc |
| Programme Size: | Up to EUR 3,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time.  The Issuer and the Guarantor may increase the amount of the Programme in accordance with the terms of the Programme Agreement. |
| Distribution: | Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis. |
| Currencies: | Subject to any applicable legal or regulatory restrictions, Notes may be denominated in any currency agreed between the Issuer and the relevant Dealer. |
| Maturities: | The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency. |
| Issue Price: | Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par. |
| Form of Notes: | The Notes will be issued in registered form as described in “*Form of the Notes*”. |
| Fixed Rate Notes: | Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer. |
| Floating Rate Notes: | Floating Rate Notes will bear interest at a rate determined: |
|  | (a)on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or |
|  | (b)on the basis of the reference rate (including SONIA) set out in the applicable Pricing Supplement. |
|  | Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer. |

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|  | The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes. |
|  | Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both. |
| Zero Coupon Notes: | Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest. |
| Other types of Notes: | The Issuer may issue Notes which are Index Linked Notes, Dual Currency Notes, Partly Paid Notes or Notes redeemable in one or more instalments. |
|  | ***Index Linked Notes***: Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer may agree. |
|  | ***Dual Currency Notes****:*Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer may agree. |
|  | ***Partly Paid Notes***: The Issuer may issue Notes in respect of which the issue price is paid in separate instalments in such amounts and on such dates as the Issuer and the relevant Dealer may agree. |
|  | ***Notes redeemable in instalments***: The Issuer may issue Notes which may be redeemed in separate instalments in such amounts and on such dates as the Issuer and the relevant Dealer may agree. |
|  | The Issuer and the Guarantor may agree with any Dealer that Notes may be issued in a form not contemplated by the Conditions, in which event the relevant provisions will be included in the applicable Pricing Supplement. |
| Redemption: | The applicable Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of (i) the Issuer pursuant to Condition 7.3 (*Redemption at the option of the Issuer (Issuer Call)*), and/or (ii) the Noteholders pursuant to Condition 7.4 (*Redemption at the option of the Noteholders (Investor Put)*) and/or Condition 7.5 (*Redemption at the option of Noteholders on a Change of Control (Change of Control Put)*), in each case, upon giving not less than the minimum period of notice nor more than the maximum period of notice (as set out in the applicable Pricing Supplement) to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer. |

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|  | Notes having a maturity of less than one year are subject to restrictions on their denomination and distribution, see “*Certain Restrictions - Notes having a maturity of less than one year*” above. |
| Denomination of Notes: | The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see “*Certain Restrictions - Notes having a maturity of less than one year*” above, and save that the minimum denomination of each Note will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency). |
| Taxation: | All payments in respect of the Notes will be made without deduction for, or on account of, taxes, duties, assessments or governmental charges imposed or levied by or on behalf of any Relevant Jurisdiction as provided in Condition 8, unless such withholding or deduction is required by law.  In the event that any such withholding or deduction is made, the Issuer or, as the case may be, the Guarantor will, save in certain limited circumstances provided in Condition 8, be required to pay additional amounts to cover the amounts so withheld or deducted. |
| Negative Pledge: | The terms of the Notes will contain a negative pledge provision as further described in Condition 4. |
| Cross Default: | The terms of the Notes will contain a cross default provision as further described in Condition 10. |
| Status of the Notes: | The Notes will constitute direct, unconditional and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and rank and will rank *pari passu*, without any preference among themselves with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors’ rights. |
| Guarantee: | The Notes will be unconditionally and irrevocably guaranteed by the Guarantor.  The obligations of the Guarantor under the Guarantee will be direct, unconditional and (subject to the provisions of Condition 4) unsecured obligations of the Guarantor and rank and will rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors’ rights. |
| Rating: | The Programme has been rated BBB by S&P. Series issued under the Programme may be rated or unrated.  Where a Series is rated, such rating will be disclosed in the applicable Pricing Supplement and will not necessarily be the same as the rating assigned to the Programme.  A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. |

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| Listing: | Application has been made for Notes issued under the Programme to be admitted to the Official List of Euronext Dublin and to trading on the Global Exchange Market of Euronext Dublin. Euronext Dublin’s Global Exchange Market is not a regulated market for the purposes of MiFID II. |
|  | Notes may be listed or admitted, as the case may be, on other or further stock exchange(s) or markets (other than in respect of an admission to trading on any market (i) in the EEA which has been designated as a regulated market for the purposes of the EU Prospectus Regulation or (ii) in the UK which has been designated as a regulated market for the purposes of the UK Prospectus Regulation ) agreed between the Issuer and the relevant Dealer in relation to the Series.  Notes which are neither listed nor admitted to trading on any market may also be issued. |
|  | The applicable Pricing Supplement will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets. |
| Governing Law: | The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law. |
| Selling Restrictions: | There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA (including the Kingdom of Sweden) and the UK and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see “*Subscription and Sale*”. |
| United States Selling Restrictions: | Regulation S, Category 2. |

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**RISK FACTORS**

*Each of the Issuer and the Guarantor believe that the following factors may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring.*

*Factors which the Issuer and the Guarantor believe to be material for the purpose of assessing the market risks associated with the Notes are also described below.*

*Each of the Issuer and the Guarantor believe that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer and/or Guarantor to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons which may not be considered significant risks by the Issuer or Guarantor based on information currently available to them or which they may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Base Listing Particulars and reach their own views prior to making any investment decision.*

**Factors that may affect the Issuer’s ability to fulfil its obligations under the Notes and the Guarantor’s ability to fulfil its obligations under the Guarantee**

**Risks related to the Group’s industry**

***The Group faces risks related to the novel coronavirus (COVID-19) pandemic that have, and are expected to***

***continue to have, an adverse impact on the Group’s business and financial performance***

The COVID-19 pandemic has created significant volatility in the global economy and led to significant reduced economic activity and employment and has disrupted, and may continue to disrupt, the global automotive industry and customer sales, production volumes and purchases of light vehicles by end-consumers. The spread of COVID-19 has also caused disruptions in the manufacturing, delivery and overall supply chains of automobile manufacturers and suppliers. Global light vehicle production has been very volatile. Light vehicle production has decreased significantly for certain periods in 2020 while some vehicle manufacturers have slowed or completely shutdown manufacturing operations for a period of time and then restarted or ramped up production in some countries and regions. This may continue.

As a result, the Group has modified the Group’s production schedules and has experienced, and may continue to experience, delays in the production and distribution of the Group’s products and a decline in sales to the Group’s customers. As production resumes by the Group and the Group’s customers, production volumes have been and may continue to be volatile. The Group has also taken protective measures to modify the Group’s production environment to ensure the health and safety of the Group’s workers which has had an impact on the Group’s productivity. Additionally, if the global economic effects caused by the pandemic continue or increase, overall customer demand may continue to decrease, which could have a material and adverse effect on the Group’s business, results of operations and financial condition. In addition, if a significant portion of the Group’s workforce or customers’ workforce is affected by COVID-19 either directly or due to government closures or otherwise, associated work stoppages or facility closures would halt or delay production. The full extent of the effect of the pandemic on the Group, the Group’s customers, the Group’s supply chain or the global supply chain and the Group’s business will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration and severity of the outbreak, subsequent outbreaks or the extent of any recession resulting from the pandemic.

The Group may continue to experience the effects of the pandemic even after it has waned, and the Group’s business, results of operations and financial condition could continue to be affected. In particular, if COVID-19 continues to spread or re-emerges, particularly in the United States, Europe and China, where the Group’s operations are most concentrated, resulting in a prolonged period of travel, commercial, social and other similar restrictions, the Group could experience, among other things:

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| • | Adverse impacts on the Group’s operations and financial results caused by government and regulatory measures to contain or mitigate the spread of the virus, temporary closures of the Group’s facilities or the facilities of the Group’s customers or suppliers, which could impact the Group’s ability to timely meet the Group’s customers’ orders or negatively impact the Group’s supply chain; |
| • | The failure of third parties on which the Group relies or on which the Group’s customers rely, including the Group’s suppliers, customers, contractors, commercial banks and external business partners, to meet their respective obligations to the Group, or significant disruptions in their ability to do so, which may be caused by their own financial or operational difficulties including bankruptcy or default; |
| • | Disruptions or restrictions on the Group employees’ ability to work effectively, due to illness, quarantines, travel bans, shelter-in-place orders or other limitations; |
| • | Interruptions to the operations of the Group’s business if the health of the Group’s executives, management personnel and other employees are affected, particularly if a significant number of individuals are impacted; |
| • | Any accident, COVID-19 illness, or injury to the Group’s employees could result in litigation, manufacturing delays and harm to the Group’s reputation, which could negatively affect the Group’s business, results of operations and financial condition; |
| • | Changes in prices of tooling and services may be impacted by worldwide demand and by the ongoing COVID-19 pandemic. Such price increases could materially increase the Group’s operating costs and adversely affect the Group’s profit margin; |
| • | Governments and regulators may choose to delay new automobile safety regulations which could impact the average global content of passive safety systems per light vehicle in the near term; |
| • | Some of the Group’s competitors are (or may be) owned by a governmental entity and/or receive various forms of governmental aid or support, which the Group may not be eligible for, and which may put the Group at a competitive disadvantage; |
| • | Increased cybersecurity and privacy risks and risks related to the reliability of technology to support remote operations; |
| • | Sudden and/or severe declines in the market price of the Group’s common stock; and |
| • | Costs incurred and revenues lost during and from the effects of the COVID-19 pandemic likely will not be recoverable. |

In addition to the risks specifically described above, the impact of COVID-19 is likely to implicate and exacerbate other risks disclosed in the “Risk Factors” section.

***The cyclical nature of automotive sales and production can adversely affect the Group’s business. The Group’s business is directly related to light vehicle production (“LVP”) in the global market and by the Group’s customers, and automotive sales and LVP are the most important drivers for the Group’s sales***

Automotive sales and production are highly cyclical and can be affected by general or regional economic or industry conditions, the level of consumer demand, recalls and other safety issues, labour relations issues, technological changes, fuel prices and availability, vehicle safety regulations and other regulatory requirements, governmental initiatives, trade agreements, political volatility, especially in energy producing countries and growth markets (i.e. all markets except for Western Europe, North America, Japan and South Korea) (the “**Growth Markets**”), changes in interest rate levels and credit availability and other factors. Some regions around the world may at various times be more particularly impacted by these factors than other regions. Economic declines that result in a significant reduction in automotive sales and production by the Group’s customers have in the past had, and may in the future

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have, a material adverse effect on the Group’s business, results of operations and financial condition.

The Group’s sales are also affected by inventory levels of the Group’s customers. The Group cannot predict when the Group’s customers will decide to either increase or reduce inventory levels or whether new inventory levels will approximate historical inventory levels. This may exacerbate variability in the Group’s order intake and, as a result, the Group’s revenues and financial condition. Uncertainty regarding inventory levels may be exacerbated by consumer financing programmes initiated or terminated by the Group’s customers or governments as such changes may affect the timing of their sales.

Changes in automotive sales and LVP and/or customers’ inventory levels will have an impact on the Group’s long-term targets, earnings guidance and estimates. In addition, the Group bases its growth projections in part on business awards, or order intake, made by the Group’s customers. However, actual production orders from the Group’s customers may not match the awarded business or the Group’s estimated order intake. Any significant reduction in automotive sales and/or LVP by the Group’s customers, whether due to general economic conditions or any other factors relevant to sales or LVP, could have a material adverse effect on the Group’s business, results of operations and financial condition.

***Growth rates in safety content per vehicle, which can be impacted by changes in consumer trends and political decisions, could affect the Group’s results in the future***

The average global content of passive safety systems per light vehicle increased in 2020 to around US$245. Vehicles produced in different markets may have various passive safety content values. For example, in developed markets such as Western Europe and North America, the premium segment has an average passive safety content values of around US$360 per vehicle, whereas in Growth Markets such as China and India the average passive safety content per vehicle is approximately US$200 and US$88, respectively. Due to the majority of the growth in global LVP over time being concentrated in Growth Markets the operating results may be impacted if the passive safety content per vehicle remains low and if the penetration of more advanced automotive safety systems does not increase in these regions. As passive safety content per vehicle is also an indicator of the Group’s sales development, should these trends continue, the average value of passive safety systems per vehicle could decline.

***The Group operates in a highly competitive market***

The market for occupant restraint systems is highly competitive and continues to consolidate. The Group competes with a number of other companies that produce and sell similar products. Among other factors, the Group’s products compete on the basis of price, quality, manufacturing and distribution capability, design and performance, technological innovation, delivery and service. Some of the Group’s competitors are subsidiaries (or divisions, units or similar) of companies that are larger and have greater financial and other resources than the Group. Some of the Group’s competitors may also have a “preferred status” as a result of special relationships or ownership interests with certain customers. The Group's ability to compete successfully depends, in large part, on the Group's success in continuing to innovate and manufacture products that have commercial success with consumers, differentiating the Group's products from those of the Group's competitors, continuing to deliver quality products in the time frames required by the Group's customers, and maintaining best-cost production.

The Group continues to invest in technology and innovation which the Group’s management believes will be critical to the Group's long-term growth. The Group's ability to maintain and improve existing products, while successfully developing and introducing distinctive new and enhanced products that anticipate changing customer and consumer preferences and capitalise upon emerging technologies will be a significant factor in the Group's ability to remain competitive. If the Group is unsuccessful or are less successful than the Group's competitors in predicting the course of market development, developing innovative products, processes, and/or use of materials or adapting to new technologies or evolving regulatory, industry or customer requirements, the Group may be placed at a competitive disadvantage. For example, the focus of the automotive industry on the development of advanced driver assistance technologies, with the goal of developing and introducing autonomous vehicles, and increase in consumer

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preferences for mobility on demand services may create demand for new and innovative products in response to Original Equipment Manufacturers (“**OEMs**”) and consumer preferences and the Group's success in providing such products will be critical for the Group's long-term growth. Similarly, the demand for the Group's products historically has tracked LVP and a future evolution of the automotive industry to autonomous vehicles and mobility on demand services may lead to a future reduction in annual global LVP. The Group's competitive environment continues to change, including increased competition from entrants outside the traditional automotive industry, creating uncertainty about the future competitive landscape. Given the competitive nature of the Group’s business, the amount of business the Group is awarded relative to its peers may decrease over time. The inability to compete successfully could have a material adverse effect on the Group's business, results of operations and financial condition.

***The discontinuation, lack of commercial success, or loss of business with respect to a particular vehicle model for which the Group is a significant supplier could reduce the Group's sales and harm the Group's business***

A number of the Group's customer contracts generally require the Group to supply a customer’s annual requirements for a particular vehicle model and assembly facilities, rather than for manufacturing a specific quantity of products. Such contracts range from one year to the life of the model, which is generally four to seven years. These contracts are often subject to renegotiation, sometimes as frequent as on an annual basis, which may affect product pricing, and generally may be terminated by the Group's customers at any time. Therefore, the discontinuation of, the loss of business with respect to, or a lack of commercial success of a particular vehicle model or brand for which the Group is a significant supplier could reduce the Group's sales and harm the Group's business prospects, operating results, cash flows or financial condition.

**Risks related to the Group’s business**

***The Issuer is a holding company and it is wholly dependent on distributions received from its subsidiaries (including from the Guarantor)***

The Issuer, as a holding company, does not conduct any business other than through its subsidiaries and is dependent on dividends or distributions from its subsidiaries or order to provide the funds necessary to meet its debts and other contractual obligations. The Issuer would therefore be dependent upon receipt of funds from its subsidiaries, including from the Guarantor, in order to fulfil its obligations under the Notes. The obligations of the Issuer under the Notes are therefore structurally subordinated to any liabilities of the Issuer’s subsidiaries; other than, in the case of any senior unsecured liabilities of the Guarantor which, by virtue of the Guarantee provided by the Guarantor, would rank equally with Guarantor’s payment obligations in respect of the Notes.

All risk factors described below as being applicable to the Group, unless specifically stated otherwise, apply equally to the business of the Issuer and to that of the Guarantor.

***The Group may incur material losses and costs as a result of product liability, warranty and recall claims that may be brought against the Group or the Group's customers***

The Group faces risks related to product liability claims, warranty claims and recalls in the event that any of the Group's products actually or allegedly are defective, fail to perform as expected or the use of the Group's products results, or is alleged to result, in bodily injury and/or property damage. For example, the Group is cooperating with Toyota Motor Corp. with respect to its voluntary safety recall of approximately 1.4 million vehicles that are equipped with a certain model of the Group's side curtain airbags (the “**Toyota Recall**”). The Group may not be able to anticipate all of the possible performance or reliability problems that could arise with the Group's products after they are released to the market. Additionally, increasing regulation and reporting requirements regarding potentially defective products, particularly in the U.S., may increase the possibility that the Group becomes involved in additional product liability or recall investigations or claims. See also the risk factor headed – “*The Group's business may be adversely affected by changes in automotive safety regulations or concerns that drive further regulation of the automobile safety market*”. Although the Group currently carries product liability and product recall insurance in excess of the Group’s self-insured amounts, no assurance can be made that such insurance will provide adequate

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coverage against potential claims, such insurance is available or will continue to be available in the appropriate markets or that the Group will be able to obtain such insurance on acceptable terms in the future as the cost of such insurance has risen in recent years and the cost of the Group’s self-insurance programme has risen as well. Although the Group has invested and will continue to invest in the Group's engineering, design, and quality infrastructure, the Group cannot give any assurance that the Group's products will not suffer from defects or other deficiencies or that the Group will not experience material warranty claims or additional product recalls. In the future, the Group could experience additional material warranty or product liability losses and incur significant costs to process and defend these claims.

A successful claim brought against the Group in excess of available insurance coverage, if any, or a requirement to participate in any product recall, could have a material adverse effect on the Group’s operating results, cash flows or financial condition. The Toyota Recall and any additional future recalls from this customer or other customers could result in costs not covered by insurance in excess of the Group’s self-insurance, further government inquiries, litigation and reputational harm and could divert management’s attention away from other matters. The main variables affecting the costs of a recall are the number of vehicles ultimately determined to be affected by the issue, the cost per vehicle associated with a recall, the determination of proportionate responsibility among the customer, the Group, and any relevant sub-suppliers, and actual insurance recoveries. Every vehicle manufacturer has its own practices regarding product recalls and other product liability actions relating to its suppliers, and the performance and remedial requirements vary between jurisdictions. Due to recall activity in the automotive industry over the past decade, some vehicle manufactures have become even more sensitive to product recall risks. As suppliers become more integrally involved in the vehicle design process and assume more of the vehicle assembly functions, vehicle manufacturers are increasingly looking to their suppliers for contribution when faced with recalls and product liability claims. Product recalls in the Group's industry, even when they do not involve the Group's products, can harm the reputations of the Group's customers, competitors, and the Group, particularly if those recalls cause consumers to question the safety or reliability of products similar to those the Group produces.

In addition, with global platforms and procedures, vehicle manufacturers are increasingly evaluating the Group's quality performance on a global basis; any one or more quality, warranty or other recall issue(s) (including issues affecting few units and/or having a small financial impact) may cause a vehicle manufacturer to implement measures which may have a severe impact on the Group's operations, such as a global, temporary or prolonged suspension of new orders. In addition, as the Group's products more frequently use global designs and are based on or utilise the same or similar parts, components or solutions, there is a risk that the number of vehicles affected globally by a failure or defect will increase significantly with a corresponding increase in the Group's costs. A warranty, recall or product liability claim brought against the Group in excess of the Group's available insurance may have a material adverse effect on the Group's business. Vehicle manufacturers are also increasingly requiring their outside suppliers to guarantee or warrant their products and bear the costs of repair and replacement of such products under new vehicle warranties. A vehicle manufacturer may attempt to hold the Group responsible for some or the entire repair or replacement costs of defective products under new vehicle warranties, when the product supplied did not perform as represented. Accordingly, the future costs of warranty claims by the Group's customers may be material. However, the final amounts determined to be due related to these matters could differ materially from the Group's recorded warranty estimates and the Group's business prospects, operating results, cash flows or financial condition may be materially impacted as a result.

In addition, as the Group adopts new technology, the Group faces an inherent risk of exposure to the claims of others that the Group has allegedly violated their intellectual property rights. The Group cannot assure that the Group will not experience any material warranty, product liability or intellectual property claim losses in the future or that the Group will not incur significant costs to defend such claims. See the risk factor headed “*If the Group's patents are declared invalid or the Group's technology infringes on the proprietary rights of others, the Group's ability to compete may be impaired*”*.*

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***Escalating pricing pressures from the Group's customers may adversely affect the Group's business***

The automotive industry continues to experience aggressive pricing pressure from customers. This trend is partly attributable to the major automobile manufacturers’ strong purchasing power. As with other automotive component manufacturers, the Group is often expected to quote fixed prices or is forced to accept prices with annual price reduction commitments for long-term sales arrangements or discounted reimbursements for engineering work. Price reductions have impacted the Group's sales and profit margins and are expected to continue to do so in the future. The Group's future profitability will depend upon, among other things, the Group's ability to continuously reduce the Group's cost per unit and maintain the Group's cost structure, enabling the Group to remain cost-competitive.

The Group's profitability is also influenced by the Group's success in designing and marketing technological improvements in automotive safety systems, which helps the Group offset price reductions by the Group's customers. If the Group is unable to offset continued price reductions through improved operating efficiencies and reduced expenditures, these price reductions may have a material adverse effect on the Group's business prospects, operating results, cash flows or financial condition.

***The Group could experience disruption in its supply or delivery chain, which could cause one or more of the Group's customers to halt or delay production***

The Group, as with other component manufactures in the automotive industry, ship the Group's products to customer vehicle assembly facilities throughout the world on a “just-in-time” basis in order for the Group's customers to maintain low inventory levels. The Group's suppliers (external suppliers as well as the Group's own production sites) use a similar method in providing raw materials to the Group. However, this “just-in-time” method makes the logistics supply chain in the Group's industry very complex and vulnerable to disruption.

Disruptions in the Group's supply chain may result for many reasons, including closures of one of the Group's own or one of the Group's suppliers’ facilities or critical manufacturing lines due to strikes or other labour disputes, mechanical failures, electrical outages, fires, explosions, critical pollution levels, critical health and safety and other working conditions issues (including epidemics and pandemics, such as the coronavirus (COVID-19)), natural disasters, political upheaval, as well as logistical complications due to labour disruptions, weather or natural disasters, acts of terrorism, mechanical failures and legislation or regulation regarding the transport of hazardous goods. In particular, if the current coronavirus outbreak continues and results in a prolonged period of travel, commercial and other similar restrictions, particularly to and from China, the Group and the Group’s customers and suppliers could experience supply chain and production disruptions. The extent to which the coronavirus impacts the Group's results will depend on future developments, which are highly uncertain and cannot be predicted. Additionally, the Group may experience disruptions if there are delays in customs processing, including if the Group is unable to obtain government authorisation to export or import certain materials, including materials that may be viewed as dangerous such as the propellant used for the Group's inflators. As the Group continues to expand in the Growth Markets, the risk of such disruptions is heightened. The unavailability of even a single small subcomponent necessary to manufacture one of the Group's products, for whatever reason, could force the Group to cease production of that product, possibly for a prolonged period. Similarly, a potential quality issue could force the Group to halt deliveries while the Group validates the products. Even where products are ready to be shipped, or have been shipped, delays may arise before they reach the Group's customer. Also, similar difficulties for other suppliers may force the Group's customers to halt production, which may in turn impact the Group's sales shipments to such customers.

When the Group fails to timely deliver, the Group may have to absorb the Group's own costs for identifying and resolving the ultimate problem as well as expeditiously producing and shipping replacement components or products. Generally, the Group must also carry the costs associated with “catching up,” such as overtime and premium freight.

If the Group is the cause of a customer being forced to halt production, the customer may seek to recoup all of its losses and expenses from the Group. These losses and expenses could be very significant and may include consequential losses such as lost profits. Where a customer halts production because of another supplier failing to

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deliver on time, the Group may not be fully compensated, if at all.

Thus, any such supply chain disruptions could severely impact the Group's operations and/or those of the Group's customers and force the Group to halt production for prolonged periods of time which could expose the Group to material claims for compensation and have a material adverse effect on the Group's business prospects, operating results or financial condition.

***Adverse developments affecting one or more of the Group's major suppliers could harm the Group's profitability***

Any significant disruption in the Group’s supplier relationships, particularly relationships with single-source suppliers, could harm the Group’s profitability. Furthermore, some of the Group’s suppliers may not be able to sufficiently manage the currency commodity cost volatility and/or sharply changing volumes while still performing as the Group expects. For example, recalls or field actions from the Group’s customers can stress the capacity of the Group’s supply chain and may inhibit the Group’s ability to timely deliver order volumes. Over time, more of the Group’s suppliers are located in Growth Markets. As such, there is an increased risk for delivery delays, production delays, production issues or delivery of non-conforming products by the Group’s suppliers. Even where these risks do not materialise, the Group may incur costs as the Group tries to make contingency plans for such risks.

***Changes in the source, cost, availability of and regulations pertaining to raw materials and components may adversely affect the Group’s profit margins***

The Group’s business uses a broad range of raw materials and components in the manufacture of the Group’s products, nearly all of which are generally available from a number of qualified suppliers. The Group’s industry may be affected from time to time by limited supplies or price fluctuations of certain key components and materials. Strong worldwide demand for certain raw materials has had a significant impact on prices and short-term availability in recent years. Such price increases could materially increase the Group’s operating costs and materially and adversely affect the Group’s profit margin, as direct material costs amounted to approximately 49% of the Group’s net sales in 2020, of which approximately half is the raw material cost portion.

Commercial negotiations with the Group’s customers and suppliers may not always offset all of the adverse impact of higher raw material, energy and commodity costs. Even where the Group is able to pass price increases along to the Group’s customers, there may be a lapse of time before the Group is able to do so such that the Group must absorb the cost increase. In addition, no assurances can be given that the magnitude and duration of such cost increases or any future cost increases could not have a larger adverse impact on the Group’s profitability and consolidated financial position than currently anticipated.

Additionally, the United States Securities and Exchange Commission (the “**SEC**”) requires companies that manufacture products containing certain minerals and their derivatives that are known as “conflict minerals”, originating from the Democratic Republic of Congo or adjoining countries to diligence and report the source of such materials. There are significant resources associated with complying with these requirements, including diligence efforts to determine the sources of conflict minerals used in the Group’s products and potential changes to the Group’s processes or supplies as a consequence of such diligence efforts. As there may be only a limited number of suppliers able to offer certified “conflict free” conflict minerals, there can be no assurance that the Group will be able to obtain necessary conflict free minerals from such suppliers in sufficient quantities or at competitive prices. The Group may face reputational challenges if the Group determines that certain of the Group’s products contain minerals not determined to be conflict free or if the Group is unable to sufficiently verify the origins for all minerals used in the Group’s products through the procedures the Group may implement. Furthermore, the Group’s customers are also increasingly requiring the Group to track sustainable sources of certain raw materials, which also requires additional diligence efforts and there can be no assurance that the Group will be able to obtain these minerals in a cost-efficient and sustainable manner. Accordingly, these rules and customer requirements may adversely affect the Group’s business prospects, operating results, cash flows or financial condition.

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***The Group’s business could be materially and adversely affected if the Group lost any of the Group’s largest customers or if they were unable to pay their invoices***

The Group is dependent on a few large customers with strong purchasing power. This is the result of customer consolidation in the last few decades. In 2020, the Group’s top five customers represented around 53% of the Group’s consolidated sales. The Group’s largest contract accounted for around 2% of the Group’s total fiscal 2020 sales. Although business with any given customer is typically split into several contracts (either on the basis of one contract per vehicle model or on a broader platform basis), the loss of business from any of the Group’s major customers (whether by lower overall demand for vehicles, cancellation of existing contracts or the failure to award the Group new business) could have a material adverse effect on the Group’s business, results of operations and financial condition. Similarly, further consolidation of the Group’s customers in the future could make the Group more reliant upon a smaller group of customers for a significant portion of the Group’s consolidated sales and negatively impact the Group’s bargaining power when contracting with such customers.

Customers may put the Group on a “new business hold” which would limit the Group’s ability to quote or be awarded all or part of their future vehicle contracts if quality or other issues arise in the vehicles for which the Group was a supplier. Such new business holds range in length and scope and are generally accompanied by a certain set of remedial conditions that must be met before the Group is eligible to bid for new business. Meeting any such conditions within the prescribed timeframe may require additional Issuer resources. A failure to satisfy any such conditions may have a material adverse impact on the Group’s financial results in the long term.

There is a risk that one or more of the Group’s major customers may be unable to pay the Group’s invoices as they become due or that a customer will simply refuse to make such payments given its financial difficulties. If a major customer would enter into bankruptcy proceedings or similar proceedings whereby contractual commitments are subject to stay of execution and the possibility of legal or other modification, or if a major customer otherwise successfully procures protection against the Group legally enforcing its obligations, it is likely, absent special relief such as having a “preferred status”, that the Group will be forced to record a substantial loss.

Additional information concerning the Group’s major customers is included in Note 21 of the 2020 Consolidated Financial Statements.

***The Group’s inability to effectively manage the timing, quality and costs of new programme launches could adversely affect the Group’s financial performance***

To compete effectively in the automotive supply industry, the Group must be able to launch new products to meet the Group’s customers’ timing, performance and quality standards. At times, the Group faces an uneven number of launches, and some launches for various reasons, may have shortened launch lead times. The Group cannot provide assurance that the Group will be able to install and certify the equipment needed to produce products for new programmes in time for the start of production, or that the transitioning of the Group’s manufacturing facilities and resources to full production for such new programmes will not impact production rates or other operational efficiency measures at the Group’s facilities. In addition, the Group cannot provide assurance that the Group’s customers will execute on schedule the launch of their new product programmes, for which the Group might supply products. Additionally, as a Tier 1 supplier, the Group must effectively coordinate the activities of numerous suppliers in order to launch programmes successfully. Given the complexity of new programme launches, especially involving new and innovative technologies, the Group may experience difficulties managing product quality, timeliness and associated costs. In addition, new programme launches require a significant ramp up of costs; however, the sales related to these new programmes generally are dependent upon the timing and success of the introduction of new vehicles by the Group's customers. The Group’s inability to effectively manage the timing, quality and costs of these new programme launches could adversely affect the Group’s business prospects, operating results, cash flows or financial condition.

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***Changes in the Group’s product mix may impact the Group’s financial performance***

The Group sells products that have varying profit margins. The Group’s financial performance can be impacted depending on the mix of products the Group sells during a given period. The Group’s earnings guidance and estimates assume a certain geographic sales mix as well as a product sales mix. If actual results vary significantly from this projected geographic and product mix of sales, the Group’s operating results and financial condition could be negatively impacted.

***The Group is involved from time to time in legal proceedings and the Group’s business may suffer as a result of adverse outcomes of current or future legal proceedings***

The Group is, from time to time, involved in litigation, regulatory proceedings and commercial or contractual disputes that may be significant. These matters may include, without limitation, disputes with the Group’s suppliers and customers, intellectual property claims, shareholder litigation, government investigations, class action lawsuits, personal injury claims, environmental issues, antitrust, customs and VAT disputes and employment and tax issues. In such matters, government agencies or private parties may seek to recover from the Group very large, indeterminate amounts in penalties or monetary damages (including, in some cases, treble or punitive damages) or seek to limit the Group’s operations in some way. The possibility exists that claims may be asserted against the Group and their magnitude may remain unknown for long periods of time. These types of lawsuits could require a significant amount of management’s time and attention and a substantial legal liability or adverse regulatory outcome and the substantial expenses to defend the litigation or regulatory proceedings may have a material adverse effect on the Group’s customer relationships, business prospects, reputation, operating results, cash flows and financial condition. No assurances can be given that such proceedings and claims will not have a material adverse impact on the Group’s profitability and consolidated financial position or that the Group’s established reserves or the Group’s available insurance will mitigate such impact.

***The Group may be subject to civil antitrust litigation that could negatively impact the Group’s business***

The Group may be subject to civil antitrust lawsuits in the future in countries that permit such civil claims, including lawsuits or other actions by the Group’s customers. The Group was previously the subject of any investigation by the European Commission (“**EC**”) regarding possible anti-competitive behavior among certain suppliers to the automotive vehicle industry. The Group paid a fine to resolve these matters in 2019. As a result of the outcome of the EC investigation, the Group is and could be subject to subsequent civil disputes with non-governmental third parties and civil or stockholder litigation stemming from the same facts and circumstances underlying the EC investigation. These types of lawsuits require significant management time and attention and could result in significant expenses as well as unfavorable outcomes that could have a material adverse impact on the Group’s customer relationships, business prospects, reputation, operating results, cash flows or financial condition, and the Group’s insurance may not mitigate such impact.

See Note 18 of the 2020 Consolidated Financial Statements.

***The Group may have exposure to greater than anticipated tax liabilities***

The determination of the Group’s worldwide provision for income taxes and other tax liabilities requires estimation and significant judgment, and there are many transactions and calculations where the ultimate tax determination is uncertain. Like many other multinational corporations, the Group is subject to tax in multiple U.S. and foreign tax jurisdictions. The Group’s determination of the Group’s tax liability is always subject to audit and review by applicable domestic and foreign tax authorities, and the Group is currently undergoing a number of investigations, audits and reviews by taxing authorities throughout the world. Any adverse outcome of any such audit or review could have a negative effect on the Group’s business and the ultimate tax outcome may differ from the amounts recorded in the Group’s financial statements and may materially affect the Group’s financial results in the period or periods for which such determination is made. While the Group has established reserves based on assumptions and estimates that the Group believes are reasonable to cover such eventualities, these reserves may prove to be insufficient. In addition, the Group’s future income taxes could be adversely affected by earnings being lower than

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anticipated (or by the incurrence of losses) in jurisdictions that have lower statutory tax rates and higher than anticipated in jurisdictions that have higher statutory tax rates, by changes in the valuation of the Group’s deferred tax assets and liabilities, or changes in tax laws, regulations, or accounting principles, as well as certain discrete items.

***Work stoppages, slow-downs or other labour issues at the Group’s customers’ facilities or at the Group’s facilities could adversely affect the Group’s operations***

As the automotive industry relies heavily on “just-in-time” delivery of components during the assembly and manufacture of vehicles, a work stoppage or slow-down at one or more of the Group facilities could have material adverse effects on the Group’s business. Similarly, if any of the Group’s customers were to experience a work stoppage or slow-down, that customer may halt or limit the purchase of the Group’s products. Similarly, a work stoppage or slow-down at another supplier could interrupt production at one of the Group’s customers’ facilities which would have the same effect. While labour contract negotiations at the Group’s facilities historically have rarely resulted in work stoppages, no assurances can be given that the Group will be able to negotiate acceptable contracts with these unions or that the Group’s failure to do so will not result in work stoppages. A work stoppage or other labour disruption at one or more of the Group’s facilities or the Group’s customers’ facilities could cause the Group to shut down production facilities supplying these products, which could have a material adverse effect on the Group’s business, results of operations and financial condition.

***The Group’s ability to operate effectively could be impaired if the Group fails to attract and retain executive officers and other key personnel***

The Group’s ability to operate the Group’s business and implement the Group’s strategies effectively depends, in part, on the efforts of the Group’s executive officers and other key employees. In addition, the Group’s future success will depend on, among other factors, the Group’s ability to attract, develop and retain other qualified personnel, particularly engineers and other employees with software and technical expertise. The loss of the services of any of the Group’s executive officers or other key employees or the failure to attract, develop or retain other qualified personnel could have a material adverse effect on the Group’s business.

***Restructuring and efficiency initiatives and capacity alignments are complex and difficult and at any time additional restructuring steps may be necessary, possibly on short notice and at significant cost***

The Group’s restructuring and efficiency initiatives and capacity alignments include efforts to adjust the Group’s manufacturing capacity and cost structure to meet current and projected operational and market requirements, including plant closures, transfer of sourcing to best cost countries, consolidation of the Group’s supplier base and standardisation of products, to reduce the Group’s overhead costs and consolidate the Group’s operational centres. The successful implementation of the Group’s restructuring activities and capacity alignments will involve sourcing, logistics, technology and employment arrangements. As these restructuring and efficiency initiatives and capacity alignments can be complex, there may be difficulties or delays in the implementation of any such initiatives and capacity alignments or they may not be immediately effective, resulting in an adverse material impact on the Group’s performance. In addition, there is a risk that inflation, high-turnover rates and increased competition may reduce the efficiencies now available in best-cost countries to levels that no longer allow for cost-beneficial restructuring opportunities. Therefore, there can be no assurances that any future restructurings or capacity alignments will be completed as planned or achieve the desired results.

***A prolonged recession and/or a downturn in the Group’s industry could result in the Group having insufficient funds to continue the Group’s operations and external financing may not be available to the Group or available only on materially different terms than what has historically been available***

The Group’s ability to generate cash from the Group’s operations is highly dependent on automotive sales and LVP, the global economy and the economies of the Group’s important markets. If LVP were to remain on low levels for an extended period of time, the Group would experience a significantly negative cash flow. Similarly, if cash losses for customer defaults rise sharply, the Group would experience a negative cash flow. Such negative cash flow could

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result in the Group’s having insufficient funds to continue the Group’s operations unless the Group can procure external financing, which may not be possible.

The Group’s access to debt, securitization, or derivative markets around the world at competitive rates or in sufficient amounts could be affected by credit rating downgrades, market volatility, market disruption, regulatory requirements, or other factors. The Group’s ability to obtain unsecured funding at a reasonable cost is dependent on the Group’s credit ratings or perceived creditworthiness. The Group’s current credit rating could be lowered as a result of the Group experiencing significant negative cash flows, increasing the Group’s indebtedness and leverage, or a dire financial outlook, which may affect the Group’s ability to procure financing. The Group may also for the same, or other reasons, find it difficult to secure new long-term credit facilities, at reasonable terms, when the Group’s principal credit facility expires in 2023. Further, even the Group’s existing unutilised credit facilities may not be available to the Group as agreed, or only at additional cost, if participating banks are unable to raise the necessary funds, where, for instance, financial markets are not functioning as expected or one or more banks in the Group’s principal credit facility syndicate were to default. As a result, the Group cannot assure that it will continue to have sufficient liquidity to meet its operating needs. In the event that the Group does not have sufficient external financing it may be required to seek additional capital, sell assets, reduce or cut back its operating activities or otherwise alter its business strategy.

Information concerning the Group’s credit facilities and other financings are included in Note 14 to the 2020 Consolidated Financial Statements.

***The Group’s indebtedness may harm the Group’s financial condition and results of operations***

As at 31 December 2020, the Group had outstanding debt of US$2.4 billion. The Group may incur additional debt for a variety of reasons. Although the Group’s significant credit facilities and debt agreements do not have any financial covenants, the Group’s level of indebtedness will have several important effects on the Group’s future operations, including, without limitation:

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| • | a portion of the Group’s cash flows from operations will be dedicated to the payment of any interest or could be used for amortisation required with respect to outstanding indebtedness; |
| • | increases in the Group’s outstanding indebtedness and leverage will increase the Group’s vulnerability to adverse changes in general economic and industry conditions, as well as to competitive pressure; |
| • | depending on the levels of the Group’s outstanding debt, the Group’s ability to obtain additional financing for working capital, acquisitions, capital expenditures, general corporate and other purposes may be limited; and |
| • | potential future tightening of the availability of capital both from financial institutions and the debt markets may have an adverse effect on the Group’s ability to access additional capital. |

***Governmental restrictions may impact the Group’s business adversely***

Some of the Group’s customers are (or may be) owned by a governmental entity, receive various forms of governmental aid or support or are subject to governmental influence in other forms, which may impact the Group as a supplier to these customers. As a result, they may be required to partner with local entities or procure components from local suppliers to achieve a specific local content or be subject to other restrictions regarding localised content or ownership. The nature and form of any such restrictions or protections, whatever their basis, is very difficult to predict as is their potential impact. However, they are likely to be based on political rather than economical or operational considerations and may materially impact the Group’s business.

***Impairment charges relating to the Group’s assets, goodwill and other intangible assets could adversely affect the Group's financial performance***

The Group periodically reviews the carrying value of the Group’s assets, goodwill and other intangible assets for impairment indicators. If one or more of the Group’s customers’ facilities cease production or decrease their

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production volumes, the assets the Group carries related to the Group’s facilities serving such customers may decrease in value because the Group may no longer be able to utilise or realise them as intended. Where such decreases are significant, such impairments may have a materially adverse impact on the Group’s financial results. The Group monitors the various factors that impact the valuation of the Group’s goodwill and other intangible assets, including expected future cash flow levels, global economic conditions, market price for the Group’s stock, and trends with the Group’s customers. Impairment of goodwill and other identifiable intangible assets may result from, among other things, deterioration in the Group’s performance and especially the cash flow performance of these goodwill assets, adverse market conditions and adverse changes in applicable laws or regulations. If there are changes in these circumstances or the other variables associated with the estimates, judgments and assumptions relating to the valuation of goodwill, when assessing the valuation of the Group’s goodwill items, the Group may determine that it is appropriate to write down a portion of the Group’s goodwill or intangible assets and record related non-cash impairment charges. In the event that the Group determines that the Group is required to write-down a portion of the Group’s goodwill items and other intangible assets and thereby record related non-cash impairment charges, the Group’s financial condition and operating results would be adversely affected.

For additional information, see Part II, Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Significant Accounting Policies and Critical Accounting Estimates – Goodwill and Intangibles” of the Issuer’s Annual Report on Form 10-K.

***The Group faces risks related to the Group’s defined benefit pension plans and employee benefit plans, including the need for additional funding as well as higher costs and liabilities***

The Group’s defined benefit pension plans or employee benefit plans may require additional funding or give rise to higher related costs and liabilities which, in some circumstances, could reach material amounts and negatively affect the Group’s operating results. The Group is required to make certain year-end assumptions regarding the Group’s pension plans. The Group’s pension obligations are dependent on several factors, including factors outside the Group’s control such as changes in interest rates, the market performance of the diversified investments underlying the pension plans, actuarial data and adjustments and an increase in the minimum funding requirements or other regulatory changes governing the plans. Adverse equity market conditions and volatility in the credit market may have an unfavourable impact on the value of the Group’s pension assets and the Group’s future estimated pension liabilities. Internal factors such as an adjustment to the level of benefits provided under the plans may also lead to an increase in the Group’s pension liability. If these or other internal and external risks were to occur, alone or in combination, the Group’s required contributions to the plans and the costs and net liabilities associated with the plans could increase substantially and have a material effect on the Group’s business.

Information concerning the Group’s benefit plans is included in Note 19 of the 2020 Consolidated Financial Statements.

***The Group****’s* ***cybersecurity incidents or other damage to the Group’s technology infrastructure could disrupt business operations, result in the loss of critical and confidential information, and adversely impact the Group’s reputation and operating results***

The Group relies extensively on information technology (“**IT**”) networks and systems, the Group’s global data centres and services provided over the internet to process, transmit and store electronic information, and to manage or support a variety of business processes or activities across the Group’s facilities worldwide. The secure operation of the Group’s IT networks and systems and the proper processing and maintenance of this information are critical to the Group’s business operations. The Group has been, and likely will continue to be, subject to cyber-attacks. To date the Group has seen no material impact on the Group’s business from these attacks or events. Although the Group seeks to deploy comprehensive security measures to prevent, detect, address and mitigate these threats, there has been an increased level of activity, and an associated level of sophistication, in cyber-attacks against large multinational companies. The ever-evolving threats mean the Group and the Group’s third-party service providers and vendors must continually evaluate and adapt the Group’s respective systems and processes and overall security

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environment, as well as those of any companies the Group acquires. There is no guarantee that these measures will be adequate to safeguard against all data security breaches, system compromises or misuses of data.

The Group’s security measures may be breached due to human or technological error, employee malfeasance, system malfunctions or attacks from uncoordinated individuals or sophisticated and targeted measures known as advanced persistent threats, directed at the Group, its products, its customers and/or its third-party service providers. Due to the fact that techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until they are launched against a target, the Group may be unable to anticipate these techniques or to implement adequate preventative measures.

Disruptions and attacks on the Group’s IT systems or the systems of third parties storing the Group’s data or employee malfeasance or human or technological error could result in the misappropriation, loss, destruction or corruption of the Group’s critical data and confidential or proprietary information, personal information of the Group’s employees, the leakage of the Group’s or the Group’s customers’ confidential information, improper use of the Group’s systems and networks, production downtimes and both internal and external supply shortages, which could have an adverse effect on the Group’s results of operations. It may also result in the theft of intellectual property or other misappropriation of assets, or otherwise compromise the Group’s confidential or proprietary information and disrupt the Group’s operations. The potential consequences of a material cybersecurity incident include reputational damage, theft of intellectual property, litigation with third parties, diminution in the value of the Group’s investment in research, development and engineering, diversion of the attention of management away from the operation of the Group’s business and increased cybersecurity protection and remediation costs, legal claims and liability, regulatory scrutiny, sanctions, fines or penalties (which may not be covered by the Group’s insurance policies), negative publicity, release of sensitive and/or confidential information, increases in operating expenses, or lost revenues which in turn could adversely affect the Group’s competitiveness and results of operations. To the extent that any disruption or security breach results in a misappropriation, loss, destruction or corruption of the Group’s customer’s information, it could affect the Group’s relationships with the Group’s customers, create significant expense for the Group to investigate and remediate damage, lead to claims against the Group and ultimately harm the Group’s business.

In addition, the Group may be required to incur significant costs to protect against damage caused by these disruptions or security breaches in the future. In addition, as the regulatory environment related to information security, data collection and use, and privacy becomes increasingly rigorous, with new and constantly changing requirements applicable to the Group’s business, compliance with those requirements could result in additional costs. Furthermore, the Group’s technology systems are vulnerable to damage or interruption from natural disasters, power loss and telecommunication failures. The Group continuously seeks to maintain a robust program of information security and controls, however, any future significant compromise or breach of the Group’s data security, whether external or internal, or misuse of customer, associate, supplier or Issuer data, could result in significant costs, lost sales, fines, lawsuits, and damage to the Group’s reputation.

***Third parties that maintain certain of the Group’s confidential and proprietary information could experience a cybersecurity incident***

The Group relies on third parties to provide or maintain some of the Group’s IT systems, data centres and related services and do not exercise direct control over these systems. Despite the implementation of security measures at third party locations, these IT systems, data centres and cloud services are also vulnerable to security breaches or other disruptions. Additionally, the Group and certain of the Group’s third-party vendors, collect and store personal information in connection with human resources operations and other aspects of the Group’s business. While the Group obtains assurances that any third parties the Group provides data to will protect this information and, where the management of the Group believes appropriate, monitor the protections employed by these third parties, there is a risk the confidentiality of data held by the Group or by third parties may be compromised and expose the Group to liability for such breach.

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***Global climate change could negatively affect the Group’s business***

More regional and/or national requirements to reduce or mitigate the effects of greenhouse gas emissions may adversely impact the Group’s business. Today there is a lack of consistent climate legislation which results in economic and regulatory uncertainty. Any future regulations aimed at mitigating climate change may negatively impact the demand for certain of the Group’s customer’s products which could in turn impact demand for the Group’s products and impact the Group’s results of operations. The costs of compliance and any changes to the Group’s operations mandated by new or amended laws, may be significant. The Group may also face unexpected delays in obtaining permits and approvals required by such laws in connection with its manufacturing facilities, which would hinder the Group’s operation of these facilities. Furthermore, any violations of these laws may result in substantial fines and penalties, remediation costs, third party damages, or a suspension or cessation of the Group’s operations.

The manifestations of climate change, such as extreme weather conditions or more frequent extreme weather events could disrupt the Group’s operations, damage the Group’s facilities, disrupt the Group’s supply chain, including the Group’s customers or suppliers, or make it harder or more difficult to obtain raw materials necessary for the manufacturing of the Group’s products. As a result, severe weather or a natural disaster that results in a prolonged disruption to the Group’s operations, or the operations of the Group’s customers or suppliers, could have a material adverse effect on the Group’s operating results, cash flows or financial condition.

**Risks related to International Operations**

***The Group’s business is exposed to risks inherent in international operations***

The Group currently conducts operations in various countries and jurisdictions, including locating certain of the Group’s manufacturing and distribution facilities internationally, which subjects the Group to the legal, political, regulatory and social requirements and economic conditions in these jurisdictions. Some of these countries are considered Growth Markets and emerging markets. International sales and operations, especially in Growth Markets, subject the Group to certain risks inherent in doing business abroad, including:

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| • | exposure to local economic conditions; |
| • | unexpected changes in laws, regulations, trade, or monetary or fiscal policy, including interest rates, foreign currency exchange rates, and changes in the rate of inflation in the emerging markets and countries in which the Group does business; |
| • | foreign tax consequences; |
| • | inability to collect, or delays in collecting, value-added taxes and/or other receivables associated with remittances and other payments by subsidiaries; |
| • | exposure to local political turmoil and challenging labour conditions; |
| • | changes in general economic and political conditions in countries where the Group operates, particularly in emerging markets; |
| • | expropriation and nationalisation; |
| • | enforcing legal agreements or collecting receivables through foreign legal systems; |
| • | wage inflation in Growth Markets; |
| • | currency controls, including lack of liquidity in foreign currency due to governmental restrictions, trade protection policies and currency controls, which may create difficulty in repatriating profits or making other remittances; |
| • | compliance with the requirements of an increasing body of applicable anti-bribery laws; |

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| • | reduced intellectual property protection in various markets; |
| • | investment restrictions or requirements; and |
| • | the imposition of product tariffs and the burden of complying with a wide variety of international and U.S. export laws. |

The Issuer is subject to taxation in the U.S. and numerous foreign jurisdictions. The Organization for Economic Co-operation and Development (“**OECD**”) continues its base erosion and profit shifting (“**BEPS**”) project begun in 2015 with new proposals for a global minimum tax, further development of a coordinated set of rules for taxation and the allocation of taxing rights between jurisdictions. These proposals, if adopted by countries in which the Group operates, could result in changes to tax policies, including transfer pricing policies, that could ultimately impact the Group’s tax liabilities. The timing or impact of these proposals and recommendations is unclear at this point.

Changes in tax laws or policies by the U.S. or foreign jurisdictions could result in a higher effective tax rate on the Group’s worldwide earnings and any such change could have a material adverse effect on the Group’s business prospects, cash flows, operating results and financial condition. The Group’s international operations also depend upon favourable trade relations between the U.S. and those foreign countries in which the Group’s customers and suppliers have operations. The current U.S. presidential administration has created uncertainty about the future relationship between the U.S. and certain of its trading partners, including with respect to the trade policies and agreements, treaties, government regulations and tariffs that could apply to trade between the U.S. and other nations. These developments may have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global trade and, in particular, trade between these nations and the U.S. It could also impact importing certain foreign-produced vehicles into the U.S. Similarly, the political situations in certain countries, specifically Brazil, China, France, Russia, Turkey, and the United Kingdom, make it difficult to predict the near-term stability of trade costs with these nations. Meanwhile, Joe Biden’s victory at the U.S. presidential election in November 2020 is likely to result in a shift in U.S. trade policy that is, however, impossible to predict at this time. Changes in national policy or continued uncertainty could depress economic activity and restrict the Group’s access to suppliers or customers and have a material adverse effect on the Group’s cash flows, operating results and financial condition.

Increasing the Group’s manufacturing footprint in the Growth Markets and the Group’s business relationships with automotive manufacturers in these markets are particularly important elements of the Group’s strategy. As a result, the Group’s exposure to the risks described above may be greater in the future, and the Group’s exposure to risks associated with developing countries, such as the risk of political upheaval and reliability of local infrastructure, may increase.

***The exit of the United Kingdom from membership in the EU may adversely affect the Group’s business and profitability***

The exit of the UK from the EU (“**Brexit**”) could adversely affect European and worldwide economic and market conditions and contribute to instability in global financial and foreign exchange markets, including increased volatility in interest rates and foreign exchange rates. Despite the final agreement between the UK and the EU, it remains difficult to predict the impact Brexit will have on international trade. The Group conducts business in the UK and several EU nations and the taxation policies of the United Kingdom and the EU nations may change as a result of Brexit, which could adversely impact the Group’s tax positions. The Group may be required to comply with regulatory requirements in the United Kingdom that are in addition to, or inconsistent with, the regulatory requirements of the EU.

The effects of Brexit could adversely affect the Group’s business prospects, operating results, cash flows and financial condition.

***Significant changes to international trade, policy, including the recently enacted the United States Mexico Canada***

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***Agreement (“USMCA”) could adversely affect the Group’s financial performance***

In October 2018, the U.S., Mexico and Canada agreed to a trade deal that would replace the North American Free Trade Agreement (“**NAFTA**”) known as USMCA. The USMCA has been ratified by Mexico, the U.S. and Canada. The USMCA was entered into on 1 July 2020. As adopted, the USMCA changes the automotive rules of origin that dictate what percentage of an automobile must be built from parts that originated from countries in the North American region. Reflective of the automotive industry, the Group’s vehicle parts manufacturing facilities in the U.S., Mexico and Canada are highly dependent on duty-free trade within the USMCA free trade region. As a result of these policy changes, there may be greater restrictions and economic disincentives on international trade. New tariffs and other changes in U.S. trade policy could trigger retaliatory actions by affected countries. Such changes have the potential to adversely impact the U.S. economy or certain sectors thereof, including the Group’s industry and the global demand for the Group’s products and, as a result, could negatively impact the Group’s financial performance.

***The Group’s foreign operations may subject the Group to risks relating to laws governing international relations***

Due to the Group’s global operations, the Group is subject to many laws governing international relations (including, but not limited to, the Foreign Corrupt Practices Act, and other anti-bribery regulations in foreign jurisdictions where the Group does business), which prohibit improper payments to government officials and restrict where and how the Group can do business, what information or products the Group can supply to certain countries and what information the Group can provide to authorities in governmental authorities. The Group also exports components and products that are subject to certain trade-related U.S. laws, including the U.S. Export Administration Act and various economic sanctions programmes administered by the U.S. Treasury’s Office of Foreign Assets Control.

Although the Group has procedures and policies in place that should mitigate the risk of violating these laws, there is no guarantee that they will be sufficiently effective. If and when the Group acquires new businesses, the Group may not be able to ensure that the pre-existing controls and procedures meant to prevent violations of these laws were effective, and violations may occur if the Group is unable to timely implement corrective and effective controls and procedures when integrating newly acquired businesses. Any allegations of non-compliance with these laws could harm the Group’s reputation, divert management attention and result in significant expenses, and could therefore materially harm the Group’s business prospects, operating results and financial condition.

***The Group’s business in Asia is subject to aggressive competition and is sensitive to economic and market conditions***

The Group operates in the automotive supply market throughout Asia including the highly competitive markets in China, Korea and India. In each of these markets the Group faces competition from both international and smaller domestic manufacturers. Due to the significance of the Asian markets for the Group’s profit and growth, the Group is exposed to risks in China, Korea and India. The Group anticipates that additional competitors, both international and domestic, may seek to enter the Chinese, Korean and/or Indian markets resulting in increased competition. Increased competition may result in price reductions, reduced margins and the Group’s inability to gain or hold market share. There have been periods of increased market volatility and moderation in the levels of economic growth in China, which resulted in periods of lower automotive production growth rates in China than those previously experienced. The Group’s business in Asia is sensitive to economic and market conditions that drive automotive sales volumes in China, Korea and India and may be impacted if there are reductions in vehicle demand in those markets. If the Group is unable to maintain the Group’s position in these Asian markets, the pace of growth slows, or vehicle sales in these markets decrease, the Group’s business prospects, operating results and financial condition could be materially adversely affected.

***Global integration may result in additional risks***

Because of the Group’s efforts to manage costs by integrating the Group’s operations globally, the Group faces the additional risk that, should any of the other risks discussed herein materialise, the negative effects could be more pronounced. For example, while supply delays of a component have typically only affected a few customer vehicle

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models, such a delay could now affect several vehicle models of several customers in several geographic areas. Similarly, any recall or warranty issue the Group faces due to a product defect or failure is now more likely to involve a larger number of units in several geographic areas.

***Exchange rate risks***

As a result of the Group’s global presence, a significant portion of the Group’s revenues and expenses are denominated in currencies other than the U.S. dollar. The Group is therefore subject to foreign currency risks and foreign exchange exposure. Such risks and exposures include:

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| • | transaction exposure, which arises because the cost of a product originates in one currency and the product is sold in another currency; |
| • | revaluation effects, which arise from valuation of assets denominated in other currencies than the reporting currency of each unit; |
| • | translation exposure in the income statement, which arises when the income statements of non-U.S. subsidiaries are translated into U.S. dollars; |
| • | translation exposure in the balance sheet, which arises when the balance sheets of non-U.S. subsidiaries are translated into U.S. dollars; and |
| • | changes in the reported U.S. dollar amounts of cash flows. |

The Group cannot predict exchange rate volatility or the extent of its impact on the Group’s future financial results. The Group typically denominates foreign transactions in foreign currencies to achieve a natural hedge. However, a natural hedge cannot be achieved for all the Group’s currency flows; therefore, a net transaction exposure remains within the group. The net exposure can be significant and creates a transaction exposure risk for the Group. The Issuer does not hedge translation exposure. However, the Group does engage in foreign exchange rate hedging from time to time related to foreign currency transactions.

***The Group faces risks in connection with acquisitions and joint ventures***

The Group’s growth has been enhanced through strategic opportunities, including acquisitions of businesses, products and technologies, and joint development agreements that the management of the Group believes will complement the Group’s business. The Group regularly evaluates acquisition opportunities, frequently engage in acquisition discussions, conduct due diligence activities in connection with possible acquisitions, and, where appropriate, engage in acquisition negotiations. The Group may not be able to successfully identify suitable acquisition and joint venture candidates or complete transactions on acceptable terms, integrate acquired operations into the Group’s existing operations or expand into new markets. The Group’s failure to identify suitable strategic opportunities may restrict the Group’s ability to grow the Group’s business.

These strategic opportunities also involve numerous additional risks to the Group and the Group’s investors, including:

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| • | risks related to retaining acquired management and employees; |
| • | difficulties in integrating acquired technologies, products, operations, services and personnel with the Group’s existing businesses; |
| • | diversion of the Group’s management’s attention from other business concerns; |
| • | assumption of contingent liabilities; |
| • | adverse financial impacts from the amortisation of expenses related to intangible assets; |
| • | adverse financial impacts from potential impairment of goodwill; |

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| • | incurrence of indebtedness; and |
| • | potential adverse financial impacts. |

In the future, the Group may pursue acquisitions of businesses or products that are complementary to the Group’s business but for which the Group has historically had little or no direct experience. These transactions can involve significant challenges and risks as well as significant time and resources that may divert management’s attention from other business activities. If the Group fails to adequately manage these risks, the acquisitions may not result in revenue growth, operational synergies or service or technology enhancements, which could adversely affect the Group’s financial condition.

**Risks related to Intellectual Property**

***If the Group’s patents are declared invalid or the Group’s technology infringes on the proprietary rights of others, the Group’s ability to compete may be impaired***

The Group has developed a considerable amount of proprietary technology related to automotive safety systems and rely on a number of patents to protect such technology. The Group’s intellectual property plays an important role in maintaining the Group’s competitive position in a number of the markets the Group serves. At present, the Group holds more than 6,000 patents covering a large number of innovations and product ideas, mainly in the fields of seatbelt and airbag technologies. In addition to the Group’s in-house research and development efforts, the Group seeks to acquire rights to new intellectual property through corporate acquisitions, asset acquisitions, licensing and joint venture arrangements. The Group’s patents and licenses expire on various dates during the period from 2021 to 2039. The Group does not expect the expiration of any single patent or licence to have a material adverse effect on the Group’s business, operating results and financial condition.

Developments or assertions by or against the Group relating to intellectual property rights could negatively impact the Group’s business. The Group primarily protects the Group’s innovations with patents and vigorously protect and defend the Group’s patents, trademarks and know-how against infringement and unauthorised use. If the Group is not able to protect the Group’s intellectual property and the Group’s proprietary rights and technology, the Group could lose those rights and incur substantial costs policing and defending those rights. The Group also generates licence revenue from these patents, which the Group may lose if the Group does not adequately protect the Group’s intellectual property and proprietary rights. The Group’s means of protecting the Group’s intellectual property, proprietary rights and technology may not be adequate, and the Group’s competitors may independently develop technologies that are similar or superior to the Group’s proprietary technologies, duplicate the Group’s technologies, or design around the patents the Group owns or licenses. In addition, the laws of some foreign countries do not protect the Group’s proprietary rights to as great an extent as the laws of the U.S. and the Group may encounter significant problems in protecting and defending its intellectual property rights in certain foreign jurisdictions. This could make it difficult for the Group to stop the infringement of its patents or misappropriation of its other intellectual property rights. Proceedings to enforce the Group’s patent rights in foreign jurisdictions could result in substantial costs and divert the Group’s efforts and attention from other aspects of the Group’s business. Accordingly, the Group’s efforts to protect its intellectual property rights in such countries may be inadequate.

***The Group may not be able to protect the Group’s proprietary technology and intellectual property rights, which could result in the loss of the Group’s rights or increased costs***

Although the management of the Group believes that the Group’s products and technology do not infringe the proprietary rights of others, third parties may assert infringement claims against the Group in the future. Additionally, the Group licences from third parties proprietary technology covered by patents, and the Group cannot be certain that any such patents will not be challenged, invalidated or circumvented. Such licenses may also be non-exclusive, meaning the Group’s competition may also be able to access such technology. Further, the Group expects to continue to expand the Group’s products and services and expand into new businesses, including through acquisitions, joint ventures and joint development agreements, which could increase the Group’s exposure to patent and other intellectual property claims from competitors and other parties. If claims alleging patent, copyright or trademark

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infringement are brought against the Group and are successfully prosecuted against the Group, they could result in substantial costs. If a successful claim is made against the Group and the Group fails to develop non-infringing technology, the Group’s business, operating results and financial condition could be materially adversely affected. In addition, certain of the Group’s products utilise components that are developed by third parties and licensed to the Group. If claims alleging patent, copyright or trademark infringement are brought against such licensors and successfully prosecuted, they could result in substantial costs, and the Group may not be able to replace the functions provided by these licensors. Alternate sources for the technology currently licensed to the Group may not be available in a timely manner, may not provide the same functions as currently provided or may be more expensive than products currently used.

The Group may develop proprietary information through the Group’s in-house research and development efforts, consulting arrangements or research collaborations with other entities or organisations. The Group may seek to protect this proprietary information by entering into confidentiality agreements or consulting, services or employment agreements that contain non-disclosure and non-use provisions with the Group’s employees, consultants, scientific advisors and other third parties. However, the Group may fail to enter into the necessary agreements, and even if entered into, these agreements may be breached or may otherwise fail to prevent disclosure, third-party infringement or misappropriation of the Group’s proprietary information.

***The Group may not be able to respond quickly enough to changes in technology and technological risks and to develop the Group’s intellectual property into commercially viable products***

Changes in legislative, regulatory or industry requirements or in competitive technologies may render certain of the Group’s products obsolete or less attractive to the Group’s customers. The Group currently licenses certain proprietary technology to third parties and, if such technology becomes obsolete or less attractive, those licensees could terminate the Group’s licence agreements, which could adversely affect the Group’s results of operations. The Group’s ability to anticipate changes in technology and regulatory standards and to successfully develop and introduce new and enhanced products on a timely basis will be a significant factor in the Group’s ability to remain competitive. The Group cannot provide assurance that the Group will be able to achieve the technological advances that may be necessary for the Group to remain competitive or that certain of the Group’s products will not become obsolete. The Group is also subject to the risks generally associated with new product introductions and applications, including lack of market acceptance, delays in product development and failure of products to operate properly. As part of the Group’s business strategy, the Group may from time to time seek to acquire businesses or assets that provide the Group with additional intellectual property. The Group may experience problems integrating acquired technologies into the Group’s existing technologies and products, and such acquired intellectual property may be subject to known or contingent liabilities such as infringement claims.

***Some of the Group’s products and technologies may use “open source” software, which may restrict how the Group use or distribute the Group’s products or require that the Group releases the source code of certain products subject to those licenses***

Some of the Group’s products and technologies may incorporate software licensed under so-called “open source” licenses. In addition to risks related to licence requirements, usage of open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or controls on origin of the software. Additionally, open source licenses typically require that source code subject to the licence be made available to the public and that any modifications or derivative works to open source software continue to be licensed under open source licenses. These open source licenses typically mandate that proprietary software, when combined in specific ways with open source software, become subject to the open source licence. If the Group combines the Group’s proprietary software in such ways with open source software, the Group could be required to release the source code of the Group’s proprietary software. The Group takes steps to ensure that the Group’s proprietary software is not combined with, and does not incorporate, open source software in ways that would require the Group’s proprietary software to be subject to an open source licence. However, few courts have interpreted open source licenses; therefore the manner in which these licenses may be interpreted and enforced is therefore subject to

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some uncertainty.

**Risks related to Government Regulations and Taxes**

***The Group’s business may be adversely affected by laws or regulations, including environmental, occupational health and safety or other governmental regulations***

The Group is subject to various federal, state, local and foreign laws and regulations, including those related to the requirements of environmental, occupational health and safety, financial and other matters. The Group cannot predict the substance or impact of pending or future legislation or regulations, or the application thereof. The introduction of new laws or regulations or changes in existing laws or regulations, or the interpretations thereof, could increase the costs of doing business for the Group or the Group’s customers or suppliers or restrict the Group’s actions and adversely affect the Group’s business prospects, operating results, cash flows or financial condition. The Group’s operations are subject to environmental and safety laws and regulations governing, among other things, emissions to air, discharges to waters and the generation, handling, storage, transportation, treatment and disposal of waste and other materials. The operation of automotive parts manufacturing facilities entails risks in these areas, and the Group cannot assure that the Group will not incur material costs or liabilities as a result. Additionally, environmental laws, regulations, and permits and the enforcement thereof change frequently and have tended to become increasingly stringent over time, which may necessitate substantial capital expenditures or operating costs or may require changes of production processes. Although the Group has no known pending material environmental issues, there is no assurance that the Group will not be adversely impacted by any environmental costs, liabilities or claims in the future either under present laws and regulations or those that may be adopted or imposed in the future. The Group’s costs, liabilities, and obligations relating to environmental matters may have a material adverse effect on the Group’s business prospects, operating results, cash flows or financial condition.

The Group’s facilities in the U.S. are subject to regulation by the Occupational Safety and Health Administration (“**OSHA**”), which regulates the protection of the health and safety of workers. In addition, the OSHA hazard communication standard requires that the Group maintains information about hazardous materials used or produced in the Group’s operations and that the Group provides this information to employees, state and local governmental authorities and local residents. The Group is also subject to occupational safety regulations in other countries. The Group’s failure to comply with government occupational safety regulations, including OSHA requirements, or general industry standards relating to employee health and safety, keep adequate records or monitor occupational exposure to regulated substances could expose the Group to liability, enforcement, and fines and penalties, and could have a material adverse effect on the Group’s business, operating results, cash flows or financial condition.

Although the Group employs safety procedures in the design and operation of the Group’s facilities, there is a risk that an accident or injury to one of the Group’s employees could occur in one of the Group’s facilities. Any accident or injury to the Group’s employees could result in litigation, manufacturing delays and harm to the Group’s reputation, which could negatively affect the Group’s business, operating results and financial condition.

***The Group’s business may be adversely affected by changes in automotive safety regulations or concerns that drive further regulation of the automobile safety market***

Government vehicle safety regulations are a key driver in the Group’s business. Historically, these regulations have imposed ever more stringent safety regulations for vehicles. Safety regulations have a positive impact on driver awareness and acceptance of automotive safety products and technology. These more stringent safety regulations often require vehicles to have more safety content per vehicle and more advanced safety products, which has thus been a driver of growth in the Group’s business.

However, these regulations are subject to change based on a number of factors that are not within the Group’s control, including new scientific or medical data, adverse publicity regarding the industry recalls and safety risks of airbags or seatbelts (for instance, to children and small adults), domestic and foreign political developments or considerations, and litigation relating to the Group’s products and the Group’s competitors’ products. Changes in government regulations in response to these and other considerations could have a severe impact on the Group’s

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business. Although the Group believes that over time safety will continue to be a regulatory priority, if government priorities shift and the Group is unable to adapt to changing regulations, the Group’s business may suffer material adverse effects.

The regulatory obligation of complying with safety regulations could increase as federal and local regulators impose more stringent compliance and reporting requirements in response to product recalls and safety issues in the Group’s industry. The Group is subject to existing stringent requirements under the National Traffic and Motor Vehicle Safety Act of 1966 (the “**Vehicle Safety Act**”), including a duty to report, subject to strict timing requirements, safety defects with the Group’s products. The Vehicle Safety Act imposes potentially significant civil penalties for violations including the failure to comply with such reporting actions. The Group is also subject to the existing U.S. Transportation Recall Enhancement, Accountability and Documentation (TREAD) Act, which requires equipment manufacturers, such as the Issuer, to comply with “Early Warning” requirements (“**TREAD**”) by reporting certain information to the National Highway Traffic Safety Administration (“**NHTSA**”) such as information related to defects or reports of injury related to the Group’s products. TREAD imposes criminal liability for violating such requirements if a defect subsequently causes death or bodily injury. In addition, the Vehicle Safety Act authorises NHTSA to require a manufacturer to recall and repair vehicles that contain safety defects or fail to comply with U.S. federal motor vehicle safety standards. Sales into foreign countries may be subject to similar regulations.

Due to the record recall of airbag inflators of one of the Group’s competitors, NHTSA has become more active in requesting information from suppliers and vehicle manufactures regarding potential product defects and the Group expects that to continue or increase under the new U.S. presidential administration. For example, in connection with the Toyota Recall, the Group, in connection with Toyota, have informed NHTSA of the reported incidents and Toyota has discussed with NHTSA what action it will take to address the issue.

***Negative or unexpected tax developments could adversely affect the Group’s effective tax rate, operating results and financial condition***

Changes in, or changes in the application of, U.S. or foreign tax laws, regulations or accounting principles with respect to matters such as tax base, tax rates, transfer pricing, dividends and restrictions on certain forms of tax relief or limitations on favourable tax treatment could affect the carrying value of the Group’s deferred tax assets and/or the Group’s effective tax rate.

The Group’s annual tax rate is based on the Group’s income and the tax laws in the jurisdictions in which the Group operates. Due to the Group’s global operations the Group faces uncertainties and judgments in the application of complex tax regulations in a multitude of jurisdictions. Significant judgment is required in determining the Group’s effective tax rate and in evaluating the Group’s tax positions. Although the Group believes that the Group’s tax estimates are reasonable, the final determination of the Group’s tax liability may be different from what is reflected in the Group’s historical income tax provisions and accruals.

The Group is regularly examined by tax authorities around the world and in a number of jurisdictions, the Group is currently under examination, which inherently creates uncertainty. Although the Group periodically assesses the likelihood of adverse outcomes, negative or unexpected results from one or more of such reviews and audits, including any related interest or penalties imposed by governmental authorities, could increase the Group’s effective tax rate and adversely impact the Group’s operating results, cash flows or financial condition.

The effective tax rates used for interim reporting are based on the Group’s projected full-year geographic earnings mix and take into account projected tax costs on intercompany dividends from lower tier subsidiaries. Changes in currency exchange rates, earnings mix among taxing jurisdictions, or the ability of the Group’s subsidiaries to pay dividends could impact the Group’s reported effective tax rates, or cause fluctuations in the tax rate from quarter to quarter. Certain anti-trust judgements or settlements may not be tax deductible, which could have a material negative impact to the Group’s annual tax rate.

A number of other factors may also increase the Group’s effective tax rate, which could have an adverse impact on the Group’s profitability and operating results. Due to the Group’s numerous foreign operations, the Group’s tax rate

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may be impacted by the Group’s global mix of earnings if the Group's pre-tax income is lower than anticipated in countries with lower statutory tax rates and/or is higher than anticipated in countries with higher statutory tax rates. Based on U.S. regulatory rules, the Group does not record current or deferred tax liabilities on permanent investments in the Issuer's foreign subsidiaries and foreign earnings that are indefinitely reinvested.

See Note 6 to the 2020 Consolidated Financial Statements.

***The Group may not be able to fully realise the Group’s deferred tax assets***

The Group currently carries deferred tax assets, net of valuation allowances, resulting from deductible temporary differences and tax loss carry-forwards, both of which will reduce taxable income in the future. However, deferred tax assets may only be realised against taxable income. The amount of the Group’s deferred tax assets could be reduced, from time to time, due to adverse changes in the Group’s operations or in estimates of future taxable income from operations during the carry-forward period as a result of deterioration in market conditions or other circumstances. Any such reduction would adversely affect the Group’s income in the period of the adjustment. Additional information on the Group’s deferred tax assets is included in Note 6 to the 2020 Consolidated Financial Statements.

**Risks related to the Separation of Veoneer**

***The Group could incur significant liability if the separation is determined to be a taxable transaction***

The Group has received an opinion of outside counsel to the effect that, for U.S. federal income tax purposes, the separation should qualify, for both the Issuer and its stockholders, as a reorganisation within the meaning of Sections 368(a)(1)(D) and 355 of the U.S. Internal Revenue Code of 1986, as amended. The opinion is based on and relies on, among other things, certain facts and assumptions, as well as certain representations, statements and undertakings of the Issuer and Veoneer, including those relating to the past and future conduct of the Issuer and Veoneer. If any of these facts, assumptions, representations, statements or undertakings is, or becomes, inaccurate or incomplete, reliance on the opinion may be affected. An opinion of outside counsel represents their legal judgment but is not binding on the IRS or any court. Accordingly, there can be no assurance that the IRS will not challenge the conclusions reflected in the opinion or that a court would not sustain such a challenge.

***Potential indemnification obligations to Veoneer or a refusal of Veoneer to indemnify the Group pursuant to the agreements executed in connection with the internal reorganisation and spin-off could materially adversely affect the Group***

The transaction agreements the Issuer entered into with Veoneer in connection with the internal reorganisation and the spin-off provide for cross-indemnities that require the Issuer and Veoneer to bear financial responsibility for each company’s business prior to the internal reorganisation or spin-off, as applicable, and to indemnify the other party in connection with a breach of such party of the transaction agreements; provided, however, certain warranty, recall and product liabilities for electronics products manufactured prior to the completion of the internal reorganisation have been retained by the Group and the Group will indemnify Veoneer for any losses associated with such warranty, recall or product liabilities pursuant to the distribution agreement entered into as part of the spin-off. Any indemnities that the Group is required to provide to Veoneer may be significant and could negatively affect the Group’s business. In addition, there can be no assurance that the indemnities from Veoneer will be sufficient to protect the Group against the full amount of any potential liabilities. Even if the Group does succeed in recovering from Veoneer any amounts for which the Group is held liable, the Group may be temporarily required to bear these losses ourselves. In addition, each of these risks could have a material adverse effect on the Group’s business, operating results and financial condition.

***The audited consolidated financial information included in this Base Listing Particulars includes both the Guarantor and non-guarantor companies***

The audited consolidated financial information incorporated by reference and/or appearing herein includes and

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consolidates both Guarantor and non-guarantor companies and, accordingly, the financial information may be of limited use in assessing the financial position of the Guarantor. See “*General Information – Information relating to the Guarantor*” for further information.

**Factors which are material for the purpose of assessing the market risks associated with the Notes**

**Risks applicable to all Notes**

***If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return***

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

***If the Notes include a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned***

Fixed/Floating Rate Notes are Notes which bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis, may negatively affect the secondary market in, and the market value of, such Notes as the change of interest basis may result in a lower interest return for Noteholders. Where the Notes convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable floating rate debt securities based on the same reference rate (and with otherwise comparable terms). In addition, the new floating rate at any time may be lower than the rates on other Notes. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on those Notes and could affect the market value of an investment in the relevant Notes.

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

The Global Notes will initially be deposited with a common depositary or the common safekeeper, as applicable for Euroclear and Clearstream, Luxembourg and registered in the name of the nominee for such common depository or common safekeeper. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. Global Notes held on behalf of Euroclear and Clearstream, Luxembourg will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be.

While the Notes are represented by the Global Notes, the Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the person shown on the Register as the registered holder of the Global Notes. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. None of the Issuer, the Guarantor, any Paying Agent or the Registrar will have any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes. Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the Notes. Instead, such Noteholders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg.

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**Risks applicable to certain types of Notes**

***There are particular risks associated with an investment in certain types of Notes, such as Index Linked Notes and Dual Currency Notes. In particular, an investor might receive less interest than expected or no interest in respect of such Notes and may lose some or all of the principal amount invested by it***

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a “**Relevant Factor**”). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

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| (i) | the market price of such Notes may be volatile; |
| (ii) | they may receive no interest; |
| (iii) | payment of principal or interest may occur at a different time or in a different currency than expected; |
| (iv) | they may lose all or a substantial portion of their principal; |
| (v) | a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices; |
| (vi) | if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and |
| (vii) | the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations.  In general, the earlier the change in the Relevant Factor, the greater the effect on yield. |

The historical experience of an index or other Relevant Factor should not be viewed as an indication of the future performance of such Relevant Factor during the term of any Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Notes linked to a Relevant Factor and the suitability of such Notes in light of its particular circumstances.

***Where Notes are issued on a partly-paid basis, an investor who fails to pay any subsequent instalment of the issue price could lose all of its investment***

The Issuer may issue Notes where the issue price is payable in more than one instalment. Any failure by an investor to pay any subsequent instalment of the issue price in respect of its Notes could result in such investor losing all of its investment.

***Notes which are issued with variable interest rates or which are structured to include a multiplier or other leverage factor are likely to have more volatile market values than more standard securities***

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

***Inverse Floating Rate Notes will have more volatile market values than conventional Floating Rate Notes***

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating

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Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of those Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of those Notes.

***Notes issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates***

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

***Movements in market interest rates can adversely affect the value of Notes which bear interest at a fixed rate***

The Notes may bear interest at a fixed interest rate. A holder of a security with a fixed interest rate is exposed to the risk that the value of such security could fall as a result of changes in the market interest rate. While the nominal compensation rate of a security with a fixed interest rate is fixed during the life of such security or during a certain period of time, the current interest rate on the capital market (market interest rate) typically changes on a daily basis. If the market interest rate increases, the value of such a security typically falls, until the yield of such security is approximately equal to the market interest rate. If the market interest rate falls, the value of a security with a fixed interest rate typically increases, until the yield of such a security is approximately equal to the market interest rate. Consequently, the Noteholders should be aware that movements of the market interest rate can adversely affect the value of the Notes and can lead to losses for the Noteholders if they sell their Notes.

***The regulation and reform of benchmarks may adversely affect the value of Notes linked to or referencing such benchmarks***

Interest rates and indices which are deemed to be benchmarks, (such as, in the case of Floating Rate Notes, a reference rate) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a benchmark. Regulation (EU) 2016/1011 (the “**EU** **Benchmark Regulation**”) was published in the Official Journal of the EU on 29 June 2016 and has applied since 1 January 2018. The EU Benchmark Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). The EU Benchmark Regulation could have a material impact on any Notes linked to or referencing a benchmark, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the EU Benchmark Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the benchmark.

Regulation (EU) No. 2016/1011 as it forms part of domestic law of the United Kingdom by virtue of the EUWA (the "**UK Benchmark Regulation**") applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the UK. The UK Benchmark Regulation could have a material impact on any Notes linked to or referencing a benchmark, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the UK Benchmark Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a

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benchmark and complying with any such regulations or requirements. Such factors may have the following effects on certain benchmarks (including LIBOR and EURIBOR): (i) discourage market participants from continuing to administer or contribute to the benchmark; (ii) trigger changes in the rules or methodologies used in the benchmark or (iii) lead to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a benchmark.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmark Regulation or the UK Benchmark Regulation as applicable and similar or related reforms in making any investment decision with respect to any Notes linked to or referencing a benchmark.

***Future discontinuance of certain benchmarks (for example, LIBOR or EURIBOR) may adversely affect the value of Notes linked to or referencing any such benchmark***

On 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority (the “**FCA**”), which regulates LIBOR, announced that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR going forward. This may cause LIBOR to perform differently than it did in the past and may have other consequences which cannot be predicted. In a further speech on 12 July 2018, the FCA emphasised that market participants should not rely on the continued publication of LIBOR after the end of 2021.

Separately on 21 January 2019, the euro risk free rate working group for the euro area published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds referencing EURIBOR). The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system.

Investors should be aware that, if a benchmark were discontinued or otherwise unavailable, the rate of interest on Floating Rate Notes which are linked to or which reference such benchmark will be determined for the relevant period by the fall-back provisions applicable to such Notes.

The Conditions provide for certain arrangements in the event that a published benchmark, such as LIBOR or EURIBOR, (including any page on which such benchmark may be published (or any successor service)) becomes unavailable or a Benchmark Event (as described in the Terms and Conditions) otherwise occurs.

If the circumstances described in the preceding paragraph occur and, in the case of Floating Rate Notes, Screen Rate Determination and Reference Rate Replacement are each specified in the applicable Pricing Supplement as applicable (any such Notes, “**Relevant Notes**”), such arrangements will include the possibility that:

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|  | (a) | the relevant rate of interest could be set or, as the case may be, determined by reference to a successor rate or an alternative rate (as applicable) determined by an Independent Adviser; and |
|  | (b) | such successor rate or alternative rate (as applicable) may be adjusted (if required) by the relevant Independent Adviser in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark, |

in any such case, acting in good faith and in a commercially reasonable manner as described more fully in the Conditions.

In addition, the relevant Independent Adviser may also determine (acting in good faith and in a commercially reasonable manner) that other amendments to the Conditions are necessary in order to follow market practice in

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relation to the relevant successor rate or alternative rate (as applicable) and to ensure the proper operation of the relevant successor rate or alternative rate (as applicable).

No consent of the Noteholders shall be required in connection with effecting any relevant successor rate or alternative rate (as applicable) or any other related adjustments and/or amendments described above.

If (i) the Issuer is not able to appoint an Independent Adviser, (ii) the Independent Adviser appointed by the Issuer fails to make the necessary determination or (iii) the Notes are not Relevant Notes, the ultimate fallback of interest for a particular Interest Period (as defined in the Conditions) may result in the rate of interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the relevant screen page. In addition, due to the uncertainty concerning the availability of successor rates and alternative rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value and return on any such Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant rate could affect the ability of the Issuer and the Guarantor to meet their obligations under the Floating Rate Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Notes. Investors should note that, in the case of Relevant Notes, the relevant Independent Adviser will have discretion to adjust the relevant successor rate or alternative rate (as applicable) in the circumstances described above. Any such adjustment could have unexpected commercial consequences and there can be no assurance that such an adjustment will be made or, due to the particular circumstances of each Noteholder, any such adjustment will be favourable to each Noteholder.

***The market continues to develop in relation to SONIA as a reference rate for Floating Rate Notes***

Investors should be aware that the market continues to develop in relation to SONIA as a reference rate in the capital markets and its adoption as an alternative to Sterling LIBOR. In particular, market participants and relevant working groups are exploring alternative reference rates based on SONIA, including term SONIA reference rates (which seek to measure the market's forward expectation of an average SONIA rate over a designated term). The market or a significant part thereof may adopt an application of SONIA that differs significantly from that set out in the Conditions and used in relation to Floating Rate Notes that reference a SONIA rate issued under this Programme. As SONIA is published and calculated by the Bank of England based on data received from other sources, the Issuer has no control over its determination, calculation or publication. There can be no guarantee that SONIA will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in Floating Rate Notes linked to SONIA. If the manner in which SONIA is calculated is changed, that change may result in a reduction of the amount of interest payable on such Notes and the trading prices of such Notes.

The Issuer may in the future also issue Notes linked to or referencing SONIA that differ materially in terms of interest determination when compared with any previous SONIA linked/referenced Notes issued under the Programme. The nascent development of Compounded Daily SONIA as an interest reference rate for the Eurobond markets, as well as continued development of SONIA-based rates for such markets and market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or otherwise affect the market price of any SONIA-referenced Notes issued under the Programme. Interest on Notes referencing Compounded Daily SONIA is only capable of being determined at the end of the relevant Interest Period and immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes that reference a SONIA rate to reliably estimate the amount of interest that will be payable on such Notes. Further, if the Notes become due and payable under Condition 10, the Rate of Interest applicable to the Notes shall be determined on the date the Notes became due and payable and shall not be reset thereafter. In addition, the manner of adoption or application of SONIA reference rates in the Eurobond markets

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may differ materially compared with the application and adoption of SONIA in other markets, such as the derivatives and loan markets.

Investors should carefully consider how any mismatch between the adoption of SONIA reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of any Notes referencing a SONIA rate. Investors should consider these matters when making their investment decision with respect to any such Notes.

Further, if SONIA does not prove to be widely used in securities like the Notes, the trading prices of Notes linked to or referencing SONIA may be lower than those of securities linked to reference rates that are more widely used. Investors in such Notes may not be able to sell such Notes at all or may not be able to sell such Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market and may consequently suffer from increased pricing volatility and market risk.

Investors should consider all of these matters when making their investment decision with respect to the relevant Notes.

***A Dealer's potential conflict of interest whilst acting as a Calculation Agent***

The Issuer may appoint a Dealer as Calculation Agent in respect of an issuance of Notes under the Programme. In such a case, the Calculation Agent is likely to be a member of an international financial group that is involved, in the ordinary course of its business, in a wide range of banking activities out of which conflicting interests may arise. Whilst such a Calculation Agent will, where relevant, have information barriers and procedures in place to manage conflicts of interest, it may in its other banking activities from time to time be engaged in transactions involving an index or related derivatives which may affect amounts receivable by Noteholders during the term and on the maturity of the Notes or the market price, liquidity or value of the Notes and which could be deemed to be adverse to the interests of the Noteholders.

**Risks related to the Notes generally**

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

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

The Conditions of the Notes and the Agency Agreement (as defined in the Conditions) contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit certain defined majorities to make decisions that modify the conditions applicable to a particular Series (as defined in the Conditions) and that bind the holders of Notes issued under that Series including those holders who did not attend and/or vote at the relevant meeting and those Noteholders who voted in a manner contrary to the majority.

***The value of the Notes could be adversely affected by a change in law or administrative practice***

The Conditions are based on English law in effect as at the date of this Base Listing Particulars and the Issuer and Guarantor are incorporated in the United States. Any new statutes, ordinances and regulations, amendments to the legislation or changes in application of any relevant law (including any amendments to or changes in application of tax laws or regulations) after the date of this Base Listing Particulars may affect the Notes and/or have a material adverse effect on the Issuer’s and/or the Guarantor’s business, financial condition, results of operations and future prospects, and, thereby, on the Issuer’s and/or the Guarantor’s ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

***Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued***

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum

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Specified Denomination. In such a case a Noteholder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in its account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in its account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be issued) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, Noteholders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

**Risks related to the market generally**

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

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

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

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

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

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

The Issuer will pay principal and interest on the Notes and the Guarantor will make any payments under the Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the “**Investor's Currency**”) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

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

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***Legal investment considerations may restrict certain investments***

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

***Credit ratings may not reflect all risks***

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure of the Notes and additional factors discussed in this Base Listing Particulars or any other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the EU CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the EU CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the EU CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended).

The list of registered and certified rating agencies published by ESMA on its website in accordance with the EU CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

In general, UK regulated investors are restricted under the UK CRA Regulation from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the UK and registered under the UK CRA Regulation (and such registration has not been withdrawn or suspended) unless the rating is provided by a credit rating agency operating in the UK before 7 June 2010 which has submitted an application for registration in accordance with the UK CRA Regulation and such registration has not been refused.

If the status of the rating agency rating the Notes changes for the purposes of the EU CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment. This may result in relevant regulated investors selling the Notes which may impact the value of the Notes and any secondary market.

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**INFORMATION INCORPORATED BY REFERENCE**

The following information shall be deemed to be incorporated in, and to form part of, this Base Listing Particulars provided however that any statement contained in any document incorporated by reference in, and forming part of, this Base Listing Particulars shall be deemed to be modified or superseded for the purpose of this Base Listing Particulars to the extent that a statement contained herein modifies or supersedes such statement:

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| 1. | the audited annual consolidated financial statements of the Issuer for the fiscal year ended 31 December 2019 (the “**2019 Consolidated Financial Statements**”) together with the audit report, which appears on pages 51 to 87 of the Issuer’s Annual Report on Form 10-K; |
| 2. | the audited annual consolidated financial statements of the Issuer for the fiscal year ended 31 December 2020, together with the audit report, which appears on pages 50 to 87 of the Issuer’s Annual Report on Form 10-K, (the “**2020 Consolidated Financial Statements**” and together with the 2019 Consolidated Financial Statements, the “**Consolidated Financial Statements**”); and |
| 3. | the “Terms and Conditions of the Bonds” on pages 35 to 67 (inclusive) of the base listing particulars dated 11 April 2019; and |
| 4. | the “Terms and Conditions of the Bonds” on pages 36 to 68 (inclusive) of the base listing particulars dated 21 February 2020, |
|  | (together, the “**Documents Incorporated by Reference**”) |

The Documents Incorporated by Reference are available to view electronically at *https://www.autoliv.com/investors/reports-presentations-transcripts.*

Any documents themselves incorporated by reference in the Documents Incorporated by Reference shall not form part of this Base Listing Particulars. The Documents Incorporated by Reference have been filed with Euronext Dublin.

Electronic copies of the Documents Incorporated by Reference may be inspected, free of charge, during usual business hours at the Issuer’s office, World Trade Centre Klarabergsviadukten 70, Sec B7, 111 64 Stockholm, Sweden. Any information contained in any of the documents specified above which is not incorporated by reference in this Base Listing Particulars is either not relevant to investors or covered elsewhere in this Base Listing Particulars.

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**TERMS AND CONDITIONS OF THE NOTES**

*The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to “Applicable Pricing Supplement” for a description of the content of the applicable Pricing Supplement which will specify which of such terms are to apply in relation to the relevant Notes.*

This Note is one of a Series (as defined below) of Notes issued by Autoliv, Inc. (the “**Issuer**”) pursuant to the Agency Agreement (as defined below).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

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| (a) | in relation to any Notes represented by a global Note (a “**Global Note**”), units of each Specified Denomination in the Specified Currency; |
| (b) | any Global Note; and |
| (c) | any definitive Notes (whether or not issued in exchange for a Global Note). |

The Notes have the benefit of an amended and restated Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the “**Agency Agreement**”) dated 19 February 2021 and made between the Issuer, Autoliv ASP, Inc. (the “**Guarantor**”) as guarantor, HSBC Bank plc as issuing and fiscal agent (the “**Fiscal** **Agent**”, which expression shall include any successor fiscal agent) and the other paying agents named therein (together with the Fiscal Agent, the “**Paying Agents**”, which expression shall include any additional or successor paying agents), HSBC Bank plc as registrar (the “**Registrar**”, which expression shall include any successor registrar) and a transfer agent and the other transfer agents named therein (together with the Registrar, the “**Transfer Agents**”, which expression shall include any additional or successor transfer agents). The Fiscal Agent, the Calculation Agent (if any is specified in the applicable Pricing Supplement), the Registrar, the Paying Agents and other Transfer Agents are together referred to as the “**Agents**”.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Pricing Supplement attached to or endorsed on this Note which supplement these Terms and Conditions (the “**Conditions**”) and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Note. References to the “**applicable Pricing Supplement**” are, unless otherwise stated, to Part A of the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Note.

The payment of all amounts in respect of this Note have been guaranteed by the Guarantor pursuant to a Guarantee (such Guarantee, as modified and/or supplemented and/or restated from time to time, the “**Guarantee**”) dated 11 April 2019 and executed by the Guarantor. The original of the Guarantee is held by the Fiscal Agent on behalf of the Noteholders at its specified office.

Any reference to “**Noteholders**” or “**holders**” in relation to any Notes shall mean the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below.

As used herein, “**Tranche**” means Notes which are identical in all respects (including as to listing and admission to trading) and “**Series**” means a Tranche of Notes together with any further Tranche or Tranches of Notes which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and

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conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

The Noteholders are entitled to the benefit of the Deed of Covenant (such Deed of Covenant as modified and/or supplemented and/or restated from time to time, the “**Deed of Covenant**”) dated 11 April 2019 and made by the Issuer.

Copies of the Agency Agreement, the Guarantee and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Paying Agents. Copies of the applicable Pricing Supplement will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Notes and identity. The Noteholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Guarantee, the Deed of Covenant and the applicable Pricing Supplement which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

In the Conditions, **euro** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

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| **1.** | **FORM, DENOMINATION AND TITLE** |

The Notes are in registered form in the currency (the “**Specified Currency**”) and the denominations (the “**Specified Denomination(s)**”) specified in the applicable Pricing Supplement. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Pricing Supplement.

This Note may also be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Pricing Supplement.

Subject as set out below, title to the Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer, the Guarantor and any Agent will (except as otherwise required by law) deem and treat the registered holder of any Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any Note is represented by a Global Note held on behalf of Euroclear Bank SA/NV (“**Euroclear**”) and/or Clearstream Banking S.A. (“**Clearstream,** **Luxembourg**”), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the registered holder of the relevant Global Note shall be treated by the Issuer, the Guarantor and any Agent as the holder of such nominal amount of such

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Notes in accordance with and subject to the terms of the relevant Global Note and the expressions “**Noteholder**” and “**holder of Notes**” and related expressions shall be construed accordingly.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Pricing Supplement.

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| **2.** | **TRANSFERS OF NOTES** |
| 2.1 | **Transfers of interests in Global Notes** |

Transfers of beneficial interests in Global Notes will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Global Note of the same series only in the authorised denominations set out in the applicable Pricing Supplement and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement.

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| 2.2 | **Transfers of Notes in definitive form** |

Subject as provided in paragraph 2.3 below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Pricing Supplement). In order to effect any such transfer (a) the holder or holders must (i) surrender the Note for registration of the transfer of the Note (or the relevant part of the Note) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (b) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 8 to the Agency Agreement). Subject as provided above, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Note in definitive form of a like aggregate nominal amount to the Note (or the relevant part of the Note) transferred. In the case of the transfer of part only of a Note in definitive form, a new Note in definitive form in respect of the balance of the Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

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| 2.3 | **Registration of transfer upon partial redemption** |

In the event of a partial redemption of Notes under Condition 7, the Issuer shall not be required to register the transfer of any Note, or part of a Note, called for partial redemption.

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| 2.4 | **Costs of registration** |

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except

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that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

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| **3.** | **STATUS OF THE NOTES AND THE GUARANTEE** |
| 3.1 | **Status of the Notes** |

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

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| 3.2 | **Status of the Guarantee** |

The obligations of the Guarantor under the Guarantee are direct, unconditional and (subject to the provisions of Condition 4) unsecured obligations of the Guarantor and rank and will rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors’ rights.

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| **4.** | **NEGATIVE PLEDGE** |

So long as any Note remains outstanding (as defined in the Agency Agreement) neither the Issuer nor the Guarantor will, and each will procure that none of its Subsidiaries (as defined below) will, create or have outstanding any mortgage, charge, lien, pledge or other security interest (each a “**Security Interest**”) upon, or with respect to, any of its or their present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness (as defined below), unless the Issuer or the Guarantor, as the case may be, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that (a) all amounts payable by it under the Notes (and/or the Guarantee, as the case may be) are secured by the Security Interest equally and rateably with the Relevant Indebtedness; or (b) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) shall be provided as is approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders; provided that, the foregoing provisions shall not apply to any Security Interest (i) arising by operation of law or (ii) created by an entity which becomes a Subsidiary after the date of creation of such Security Interest where the Security Interest was not created in connection with or in contemplation of such entity becoming a Subsidiary and does not extend to or cover any undertaking, assets or revenues (including any uncalled capital) of the Issuer, the Guarantor or any of their respective other Subsidiaries.

In these Conditions:

“**Relevant Indebtedness**” means (i) any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities which are for the time being or are or are intended by the issuer thereof to be quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market and (ii) any guarantee or indemnity in respect of any such indebtedness; and

“**Subsidiary**” means in relation to any person (the “**first person**”) at any particular time, any other person (the “**second person**”):

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|  | (i) | whose affairs and policies the first person controls or has power to control, whether by ownership or share capital, contract, the power to appoint or remove members of the governing body of the second person or otherwise; or |
|  | (ii) | whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first person. |

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| **5.** | **INTEREST** |
| 5.1 | **Interest on Fixed Rate Notes** |

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

Except as provided in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

As used in the Conditions, “**Fixed Interest Period**” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Pricing Supplement, interest shall be calculated in respect of any period by applying the Rate of Interest to the Calculation Amount (or, if they are Partly Paid Notes, the aggregate amount paid up) and multiplying such sum by the applicable Day Count Fraction and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest, in accordance with this Condition 5.1:

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|  | (i) | | if “Actual/Actual (ICMA)” is specified in the applicable Pricing Supplement: | | | |
|  | | (A) | | | in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “**Accrual Period**”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or | |
|  | | (B) | | | in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of: | |
|  | | | | (1) | | the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and |
|  | | | | (2) | | the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and |
|  | (ii) | | if “30/360” is specified in the applicable Pricing Supplement, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest | | | |

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|  |  | Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360. |

In these Conditions:

“**Determination Period**” means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

“**sub-unit**” means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

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| 5.2 | **Interest on Floating Rate Notes** |
| (a) | **Interest Payment Dates** |

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

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|  | (i) | the Specified Interest Payment Date(s) in each year specified in the applicable Pricing Supplement; or |
|  | (ii) | if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each such date, together with each Specified Interest Payment Date, an “**Interest Payment Date**”) which falls the number of months or other period specified as the Specified Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date. |

Such interest will be payable in respect of each Interest Period. In these Conditions, “**Interest Period**” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date or the relevant payment date if the Notes become payable on a date other than an Interest Payment Date.

If a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

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|  | (A) | in any case where Specified Periods are specified in accordance with Condition 5.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or |
|  | (B) | the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or |
|  | (C) | the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or |

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|  | (D) | the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day. |

In these Conditions, “**Business Day**” means:

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|  | (a) | a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Centre (other than TARGET2 System) specified in the applicable Pricing Supplement; |
|  | (b) | if TARGET2 System is specified as an Additional Business Centre in the applicable Pricing Supplement, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the “**TARGET2 System**”) is open; and |
|  | (c) | either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open. |
| (b) | **Rate of Interest** | |

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Pricing Supplement.

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|  | (i) | ISDA Determination for Floating Rate Notes |

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this subparagraph (i), “**ISDA Rate**” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Fiscal Agent or the Calculation Agent, as applicable, under an interest rate swap transaction if the Fiscal Agent or the Calculation Agent, as applicable, were acting as Calculation Agent (as defined in the ISDA Definitions (as defined below)) for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the “**ISDA Definitions**”) and under which:

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|  | (A) | the Floating Rate Option is as specified in the applicable Pricing Supplement; |
|  | (B) | the Designated Maturity is a period specified in the applicable Pricing Supplement; and |
|  | (C) | the relevant Reset Date is the day specified in the applicable Pricing Supplement. |

For the purposes of this subparagraph (i), “**Floating Rate**”, “**Floating Rate Option**”, “**Designated Maturity**” and “**Reset Date**” have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Pricing Supplement the Minimum Rate of Interest shall be deemed to be zero.

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|  | (ii) | Screen Rate Determination for Floating Rate Notes other than Floating Rate Notes referencing SONIA |

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, and the applicable Pricing Supplement specifies

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that the Reference Rate is not Compounded Daily SONIA, the Rate of Interest for each Interest Period will, subject as provided below, be either:

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|  | (A) | the offered quotation; or |
|  | (B) | the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations, |

(expressed as a percentage rate per annum) for the Reference Rate (being either LIBOR or EURIBOR, as specified in the applicable Pricing Supplement) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Fiscal Agent or the Calculation Agent, as applicable. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Fiscal Agent or the Calculation Agent, as applicable, for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of Condition 5.2(b)(ii)(A), no such offered quotation appears or, in the case of Condition 5.2(b)(ii)(B), fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph (the “**Specified Time**”), the Fiscal Agent or the Calculation Agent, as applicable, shall request each of the Reference Banks to provide the Fiscal Agent or the Calculation Agent, as applicable, with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Fiscal Agent or the Calculation Agent, as applicable, with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Fiscal Agent or the Calculation Agent, as applicable.

If on any Interest Determination Date one only or none of the Reference Banks provides the Fiscal Agent or the Calculation Agent, as applicable, with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Fiscal Agent or the Calculation Agent, as applicable, determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Fiscal Agent or the Calculation Agent, as applicable, by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Fiscal Agent or the Calculation Agent, as applicable, with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs

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the Fiscal Agent or the Calculation Agent, as applicable, it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being other than LIBOR or EURIBOR, the Rate of Interest in respect of the Notes will be determined as provided in the applicable Pricing Supplement.

In the Conditions:

“**Reference Banks**” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market, and in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Fiscal Agent or the Calculation Agent, as applicable.

Unless otherwise stated in the applicable Pricing Supplement the Minimum Rate of Interest shall be deemed to be zero.

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|  | (iii) | Screen Rate Determination for Floating Rate Notes referencing SONIA |

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, and the applicable Pricing Supplement specifies that the Reference Rate is Compounded Daily SONIA, the Rate of Interest for each Interest Period will, subject as provided below, be the sum of Compounded Daily SONIA and the Margin, on the Interest Determination Date for such Interest Period, all as determined by the Fiscal Agent or the Calculation Agent, as applicable.

If, in respect of any London Banking Day in the relevant Observation Period, the SONIA rate is not available on the Relevant Screen Page (or such replacement page on that service which displays the information) or has not otherwise been published by the relevant authorised distributors, such SONIA rate shall be the sum of (A) the Bank of England’s Bank Rate (the “**Bank Rate**”) prevailing at close of business on such London Banking Day; plus (B) the mean of the spread of the SONIA rate to the Bank Rate over the previous five days on which a SONIA rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads).

If the Rate of Interest cannot be determined in accordance with the foregoing provisions, the Rate of Interest shall be (1) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period) or (2) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin applicable to the first Interest Period).

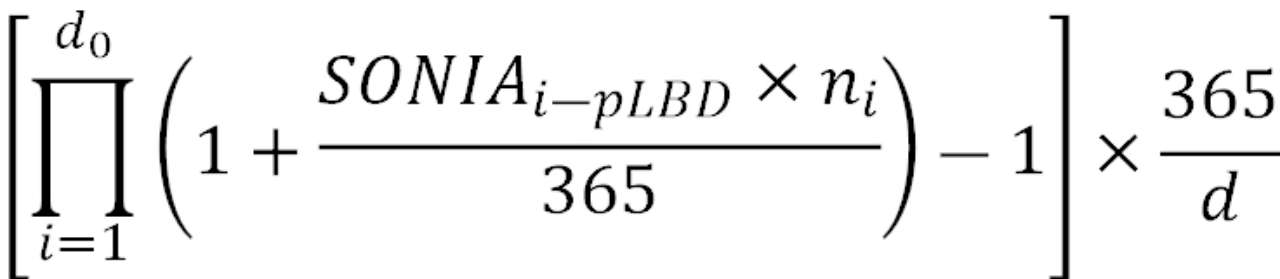
If the Notes become due and payable in accordance with Condition 10, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the

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applicable Pricing Supplement, be deemed to be the date on which the Notes became due and payable and the Rate of Interest applicable to the Notes shall, for so long as any such Note remains outstanding, be that determined on such date.

In the Conditions:

“**Compounded Daily SONIA**” means, in relation to an Interest Period, the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Fiscal Agent or the Calculation Agent, as applicable, as follows, and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards:



Where:

“**d**” means, in relation to any Interest Period, the number of calendar days in such Interest Period;

“**d0**” means, in relation to any Interest Period, the number of London Banking Days in such Interest Period;

“**i**” means, in relation to any Interest Period, a series of whole numbers from one to d0, each representing the relevant London Banking Day in chronological order from (and including) the first London Banking Day in such Interest Period to (and including) the last London Banking Day in such Interest Period;

“**London Banking Day**” or “**LBD**” means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

“**ni**” means, in relation to any London Banking Day “i”, the number of calendar days from (and including) such London Banking Day “i” up to (but excluding) the following London Banking Day;

“**Observation Period**” means, in relation to an Interest Period, the period from (and including) the date which is “p” London Banking Days prior to the first day of such Interest Period and ending on (but excluding) the date which is “p” London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling “p” London Banking Days prior to such earlier date, if any, on which the Notes become due and payable);

“**p**” means the whole number specified as the Observation Look-back Period in the applicable Pricing Supplement, such number representing a number of London Banking Days, or if no such number is specified, five London Banking Days;

“**SONIAi**” means, in relation to any London Banking Day, “i”, a reference rate equal to the daily Sterling Overnight Index Average (“**SONIA**”) rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page (or such replacement page on that service which displays the information) (or, if the Relevant Screen Page (or such replacement page on that service which displays the information) is unavailable, as otherwise published by such authorised distributors) on the London Banking Day immediately following such London Banking Day; and

“**SONIAi-pLBD**” means, in relation to any London Banking Day “i” falling in the relevant Interest Period, the SONIA rate for the London Banking Day falling “p” London Banking Days prior to such London Banking Day “i”.

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| (c) | **Minimum Rate of Interest and/or Maximum Rate of Interest** |

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

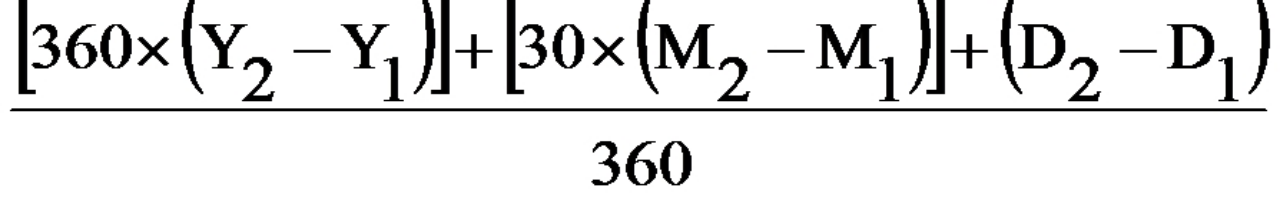
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| (d) | **Determination of Rate of Interest and calculation of Interest Amounts** |

The Fiscal Agent or the Calculation Agent, as applicable, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Fiscal Agent or the Calculation Agent, as applicable, will calculate the amount of interest (the “**Interest Amount**”) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to the Calculation Amount (or, if they are Partly Paid Notes, the aggregate amount paid up) and multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest in accordance with this Condition 5.2:

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|  | (i) | if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365); |
|  | (ii) | if “Actual/365 (Fixed)” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365; |
|  | (iii) | if “Actual/365 (Sterling)” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366; |
|  | (iv) | if “Actual/360” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360; |
|  | (v) | if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows: |

Day Count Fraction = 

where:

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

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

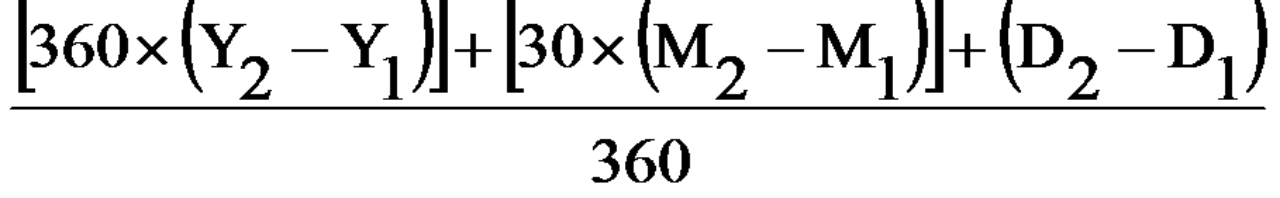
“**M1**” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“**M2**” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“**D1**” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

“**D2**” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

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|  | (vi) | if “30E/360” or “Eurobond Basis” is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows: |

Day Count Fraction = 

where:

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

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

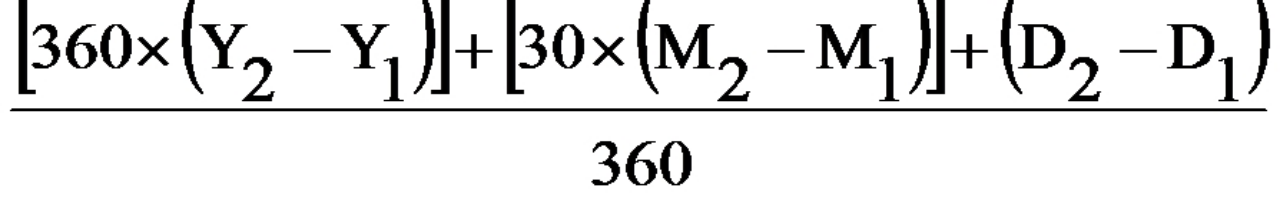
“**M1**” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“**M2**” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“**D1**” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

“**D2**” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30;

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|  | (vii) | if “30E/360 (ISDA)” is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows: |

Day Count Fraction = 

where:

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

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

“**M1**” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

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“**M2**” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“**D1**” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

“**D2**” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

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| (e) | **Reference Rate Replacement** |

If:

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|  | (i) | Reference Rate Replacement is specified in the applicable Pricing Supplement as being applicable and Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined; and |
|  | (ii) | notwithstanding the provisions of Condition 5.2(b)(ii) and 5.2(b)(iii), a Benchmark Event occurs in relation to the Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, |

then the following provisions shall apply:

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|  | (A) | | the Issuer shall use reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine (acting in good faith and in a commercially reasonable manner): | |
|  | | (1) | | a Successor Reference Rate; or |
|  | | (2) | | if such Independent Adviser determines that there is no Successor Reference Rate, an Alternative Reference Rate, |

and, in each case, an Adjustment Spread (if any) (in any such case, acting in good faith and in a commercially reasonable manner) no later than five Business Days prior to the Interest Determination Date relating to the next Interest Period (the “**IA Determination Cut-off Date**”) for the purposes of determining the Rate of Interest applicable to the Notes for such next Interest Period and for all other future Interest Periods (subject to the subsequent operation of this Condition 5.2(e) during any other future Interest Period(s));

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|  | (B) | | if a Successor Reference Rate, or, failing which, an Alternative Reference Rate (as applicable) is determined by the relevant Independent Adviser in accordance with this Condition 5.2(e); | | | |
|  | | (1) | | | such Successor Reference Rate or Alternative Reference Rate (as applicable) shall be used in place of the Original Reference Rate for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 5.2(e)); | |
|  | | (2) | | | if the relevant Independent Adviser: | |
|  | | | | (x) | | determines that an Adjustment Spread is required to be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) for all future Interest Periods (subject to |

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|  | |  | | the subsequent operation of, and adjustment as provided in, this Condition 5.2(e)); or |
|  | | (y) | | is unable to determine the quantum of, or a formula or methodology for determining, an Adjustment Spread, then such Successor Reference Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 5.2(e)); and |
|  | (3) | | the relevant Independent Adviser (acting in good faith and in a commercially reasonable manner) may in its discretion specify: | |
|  | | (x) | | changes to these Conditions and/or the Agency Agreement in order to ensure the proper operation of such Successor Reference Rate or Alternative Reference Rate and/or Adjustment Spread (as applicable), including, but not limited to, (a) the Additional Business Centre(s), Business Day, Business Day Convention, Day Count Fraction, Interest Determination Date, Reference Banks, Additional Financial Centre(s) and/or Relevant Screen Page applicable to the Notes and (b) the method for determining the fallback to the Rate of Interest in relation to the Notes if such Successor Reference Rate or Alternative Reference Rate (as applicable) is not available; and |
|  | | (y) | | any other changes which the relevant Independent Adviser determines are reasonably necessary to ensure the proper operation and comparability to the Reference Rate of such Successor Reference Rate or Alternative Reference Rate (as applicable), |

which changes shall apply to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 5.2(e)); and

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|  | (4) | promptly following the occurrence of a Benchmark Event and the determination of (i) any Successor Reference Rate or Alternative Reference Rate (as applicable) and (ii) if applicable, any Adjustment Spread, the Issuer shall give notice thereof and of any changes (and the effective date thereof) pursuant to Condition 5.2(e)(C)(3) to the Fiscal Agent and the Calculation Agent (if applicable) and the Noteholders in accordance with Condition 13. |

No consent of the Noteholders shall be required in connection with effecting the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) as described in this Condition 5.2(e) or such other relevant changes pursuant to Condition 5.2(e)(C)(3), including for the execution of any documents or the taking of other steps by the Issuer or any of the parties to the Agency Agreement (if required).

For the avoidance of doubt, if the Issuer is not able to appoint an Independent Advisor or a Successor Reference Rate or an Alternative Reference Rate is not determined pursuant to the operation of this Condition 5.2(e) prior to the relevant IA Determination Cut-off Date, then the Rate of Interest for the next Interest Period shall be determined by reference to the fallback provisions of Condition 5.2(b)(ii) or 5.2(b)(iii), as applicable.

For the avoidance of doubt, this Condition 5(e) shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, Condition 5.2(b)(ii) or 5.2(b)(iii), as applicable.

In the Conditions:

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“**Adjustment Spread**” means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the relevant Independent Adviser determines is required to be applied to a Successor Reference Rate or an Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Noteholders as a result of the replacement of the Reference Rate with such Successor Reference Rate or Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

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|  | (i) | in the case of a Successor Reference Rate, is formally recommended in relation to the replacement of the Reference Rate with such Successor Reference Rate by any Relevant Nominating Body; or |
|  | (ii) | in the case of a Successor Reference Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the relevant Independent Adviser determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference Rate, where such rate has been replaced by such Successor Reference Rate or Alternative Reference Rate (as applicable); or |
|  | (iii) | if no such customary market usage is recognised or acknowledged, the relevant Independent Adviser in its discretion determines (acting in good faith and in a commercially reasonable manner) to be appropriate; |

“**Alternative Reference Rate**” means the rate that the relevant Independent Adviser determines has replaced the Reference Rate in customary market usage in the international debt capital markets for the purposes of determining floating rates of interest in respect of notes denominated in the Specified Currency and of a comparable duration to the relevant Interest Periods, or, if such Independent Adviser determines in its discretion is most comparable to the Reference Rate;

“**Benchmark Event**” means:

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|  | (i) | the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or |
|  | (ii) | the later of (A) the making of a public statement by the administrator of the Original Reference Rate that it will, by a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) and (B) the date falling six months prior to the date specified in (ii) (A); or |
|  | (iii) | the making of a public statement by the supervisor or the administrator of the Original Reference Rate that the Original Reference Rate has been permanently or indefinitely discontinued; or |
|  | (iv) | the later of (A) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (B) the date falling six months prior to the date specified in (iv)(A); |
|  | (v) | the later of (A) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences and (B) the date falling six months prior to the date specified in (v) (A); |
|  | (vi) | the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is no longer representative of an underlying market; or |

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|  | (vii) | it has become unlawful for the Fiscal Agent or the Calculation Agent, as applicable, the Issuer or any other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate; |

“**Independent Adviser**” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under this Condition 5.2(e);

“**Original Reference Rate**” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes;

“**Relevant Nominating Body**” means, in respect of a reference rate:

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|  | (i) | the central bank for the currency to which such reference rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate; or |
|  | (ii) | any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which such reference rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof; and |

“**Successor Reference Rate**” means the rate that the relevant Independent Adviser determines is a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

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| (f) | **Linear Interpolation** |

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Pricing Supplement, the Rate of Interest for such Interest Period shall be calculated by the Fiscal Agent or the Calculation Agent, as applicable, by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Pricing Supplement) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Pricing Supplement), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Fiscal Agent or the Calculation Agent, as applicable, shall determine such rate at such time and by reference to such sources as it determines appropriate.

“**Designated Maturity**” means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

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| (g) | **Notification of Rate of Interest and Interest Amounts** |

The Fiscal Agent or the Calculation Agent, as applicable, will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 13. For the purposes of this

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paragraph, the expression “**London Business Day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

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| (h) | **Certificates to be final** |

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5.2 by the Fiscal Agent or the Calculation Agent, as applicable, shall (in the absence of wilful default or fraud) be binding on the Issuer, the Guarantor, the Fiscal Agent, the other Agents and all Noteholders and (in the absence of wilful default or fraud) no liability to the Issuer, the Guarantor, or the Noteholders shall attach to the Fiscal Agent or the Calculation Agent, as applicable, in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

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| 5.3 | **Other interest-bearing Notes** |

The rate or amount of interest payable in respect of interest-bearing Notes which are not Fixed Rate Notes or Floating Rate Notes shall be determined in the manner specified in the applicable Pricing Supplement, provided that where such Notes are Index Linked Interest Notes the provisions of Condition 5.2 shall, save to the extent amended in the applicable Pricing Supplement, apply as if the references therein to Floating Rate Notes and to the Agent were references to Index Linked Interest Notes and the Calculation Agent, respectively, and provided further that the Calculation Agent will notify the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid up nominal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

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| 5.4 | **Accrual of interest** |

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

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|  | (a) | the date on which all amounts due in respect of such Note have been paid; and |
|  | (b) | five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Fiscal Agent or the Registrar, as the case may be, and notice to that effect has been given to the Noteholders in accordance with Condition 13. |
| **6.** | **PAYMENTS** | |
| 6.1 | **Method of payment** | |

Subject as provided below:

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|  | (a) | payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and |
|  | (b) | payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee. |

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 (inclusive) of the

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Code, any United States Treasury Regulations or agreements thereunder, any official interpretations thereof, any successor or substitute or similar legislation or law or any law implementing an intergovernmental approach thereto.

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| 6.2 | **Payments in respect of Notes** |

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Note appearing in the register of holders of the Notes maintained by the Registrar (the “**Register**”) (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. For these purposes, “**Designated Account**” means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and “**Designated Bank**” means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Note (whether or not in global form) will be made by transfer on the due date to the Designated Account of the holder (or the first named of joint holders) of the Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the “**Record Date**”). Payment of the interest due in respect of each Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Note.

No commissions or expenses shall be charged to the holders by the Registrar in respect of any payments of principal or interest in respect of Notes.

None of the Issuer, the Guarantor or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

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| 6.3 | **General provisions applicable to payments** |

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer or, as the case may be, the Guarantor will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear, or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer or, as the case may be, the Guarantor to, or to the order of, the holder of such Global Note.

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| 6.4 | **Payment Day** |

If the date for payment of any amount in respect of any Note is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be

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entitled to further interest or other payment in respect of such delay. For these purposes, “**Payment Day**” means any day which (subject to Condition 9) is:

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|  | (a) | | a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits): | |
|  | | (i) | | in the case of Notes in definitive form only, in the relevant place of presentation; and |
|  | | (ii) | | in each Additional Financial Centre (other than TARGET2 System) specified in the applicable Pricing Supplement; |
|  | (b) | | if TARGET2 System is specified as an Additional Financial Centre in the applicable Pricing Supplement, a day on which the TARGET2 System is open; and | |
|  | (c) | | either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open. | |
| 6.5 | **Interpretation of principal and interest** | | | |

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

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|  | (a) | any additional amounts which may be payable with respect to principal under Condition 8; |
|  | (b) | the Final Redemption Amount of the Notes; |
|  | (c) | the Early Redemption Amount of the Notes; |
|  | (d) | the Optional Redemption Amount(s) (if any) of the Notes; |
|  | (e) | in relation to Notes redeemable in instalments, the Instalment Amounts; and |
|  | (f) | any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes. |

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8.

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| **7.** | **REDEMPTION AND PURCHASE** |
| 7.1 | **Redemption at maturity** |

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date specified in the applicable Pricing Supplement.

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| 7.2 | **Redemption for tax reasons** |

Subject to Condition 7.6, the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Pricing Supplement to the Fiscal Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable), if:

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|  | (a) | on the occasion of the next payment due under the Notes, as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 8), or any change in the application or official interpretation of the laws or regulations of a Relevant |

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|  |  | Jurisdiction, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, either (i) the Issuer has or will be required to pay additional amounts as provided or referred to in Condition 8 or (ii) the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts; and |
|  | (b) | such obligation cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it, |

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Fiscal Agent to make available at its specified office to the Noteholders (i) a certificate signed by two authorised signatories of the Issuer or, as the case may be, two authorised signatories of the Guarantor stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 7.2 will be redeemed at their Early Redemption Amount referred to in Condition 7.6 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

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| 7.3 | **Redemption at the option of the Issuer (Issuer Call)** |

If Issuer Call is specified as being applicable in the applicable Pricing Supplement, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Pricing Supplement to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Pricing Supplement. The Optional Redemption Amount will either be:

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|  | (i) | | the specified amount or percentage of the Calculation Amount of the Notes stated in the applicable Pricing Supplement; or | |
|  | (ii) | | if either Spens Amount or Make-whole Amount is specified in the applicable Pricing Supplement, will be: | |
|  | | (A) | | if Spens Amount is specified as being applicable in the applicable Pricing Supplement, the higher of (x) 100% of the nominal amount outstanding of the Notes to be redeemed and (y) the nominal amount outstanding of the Notes to be redeemed multiplied by the price, as reported to the Issuer by the Determination Agent, at which the Gross Redemption Yield on such Notes on the Reference Date is equal to the Gross Redemption Yield (determined by reference to the middle market price) at the Quotation Time specified in the applicable Pricing Supplement on the Reference Date of the Reference Bond, plus the specified Redemption Margin; or |
|  | | (B) | | if Make-whole Amount is specified as applicable in the applicable Pricing Supplement, the higher of (x) 100% of the nominal amount outstanding of the Notes to be redeemed |

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|  |  | and (y) the sum of the present values of the nominal amount outstanding of the Notes to be redeemed and the Remaining Term Interest on such Notes (exclusive of interest accrued to the date of redemption) and such present values shall be calculated by discounting such amounts to the date of redemption on an annual basis at the Reference Bond Rate, plus the specified Redemption Margin, |

all as determined by the Determination Agent.

In the case of a partial redemption of Notes, the Notes to be redeemed (“**Redeemed Notes**”) will (i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot, not more than 30 days prior to the date fixed for redemption and (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 not less than 15 days prior to the date fixed for redemption.

In this Condition:

“**DA Selected Bond**” means a government security or securities selected by the Determination Agent as having an actual or interpolated maturity comparable with the remaining term of the Notes that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the Specified Currency and of a comparable maturity to the remaining term of the Notes;

“**Determination Agent**” means an investment bank or financial institution of international standing selected by the Issuer and appointed by the Issuer at its own expense and notified to the Fiscal Agent and the Noteholders;

“**Gross Redemption Yield**” means, with respect to a security, the gross redemption yield on such security, expressed as a percentage and calculated by the Determination Agent on the basis set out by the United Kingdom Debt Management Office in the paper “Formulae for Calculating Gilt Prices from Yields”, page 4, Section One: Price/Yield Formulae “Conventional Gilts”; Double dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date (published 8 June 1998, as amended or updated from time to time) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to five decimal places);

“**Quotation Time**” shall be as set out in the applicable Pricing Supplement;

“**Redemption Margin**” shall be as set out in the applicable Pricing Supplement;

“**Reference Bond**” shall be as set out in the applicable Pricing Supplement or, if no such bond is set out or if such bond is no longer outstanding, shall be the DA Selected Bond;

“**Reference Bond Price**” means, with respect to any date for redemption, (a) the arithmetic average of the Reference Government Bond Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (b) if the Determination Agent obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations;

“**Reference Bond Rate**” means, with respect to any date for redemption, the rate per annum equal to the annual or semi-annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for such date of redemption;

“**Reference Date**” will be set out in the relevant notice of redemption;

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“**Reference Government Bond Dealer**” means each of the five banks selected by the Issuer after consultation with the Determination Agent, or their affiliates, which are (a) primary government securities dealers, or (b) market makers experienced in pricing corporate bond issues;

“**Reference Government Bond Dealer Quotations**” means, with respect to each Reference Government Bond Dealer and any date of redemption, the arithmetic average, as determined by the Determination Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) at the Quotation Time on the Reference Date quoted in writing to the Determination Agent by such Reference Government Bond Dealer; and

“**Remaining Term Interest**” means, with respect to any Note, the aggregate amount of scheduled payment(s) of interest on such Note for the remaining term of such Note determined on the basis of the rate of interest applicable to such Note from and including the date on which such Note is to be redeemed by the Issuer pursuant to this Condition 7.3.

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| 7.4 | **Redemption at the option of the Noteholders (Investor Put)** |

If Investor Put is specified as being applicable in the applicable Pricing Supplement, upon the holder of any Note giving to the Issuer in accordance with Condition 13 not less than the minimum period nor more than the maximum period of notice specified in the applicable Pricing Supplement, the Issuer will, upon the expiry of such notice, redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of the Registrar at any time during normal business hours of the Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of the Registrar (a “**Put Notice**”) and in which the holder must specify a bank account to which payment is to be made under this Condition 7.4 and the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Notes so surrendered is to be redeemed, an address to which a new Note in respect of the balance of such Notes is to be sent subject to and in accordance with the provisions of Condition 2.2.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Fiscal Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on such holder’s instruction by Euroclear, Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be for them to the Fiscal Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg by a holder of any Note pursuant to this Condition 7.4 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 7.4 and instead to declare such Note forthwith due and payable pursuant to Condition 10.1.

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| 7.5 | **Redemption at the option of Noteholders on a Change of Control (Change of Control Put)** |

If Change of Control Put Option is specified as being applicable in the applicable Pricing Supplement and if, at any time while any of the Notes remains outstanding, a Change of Control Put Event (as defined below) occurs, then the holder of each such Note will have the option (a “**Change of Control Put Option**”) (unless prior to the giving of the Change of Control Exercise Notice (as defined below) the Issuer shall have given notice under Condition 7.2 or 7.3 (if applicable)) to require the Issuer to redeem or, at the Issuer’s option,

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purchase (or procure the purchase of) that Noteholder’s Notes at the Early Redemption Amount specified hereon together with interest accrued to but excluding the Change of Control Settlement Date (as defined below).

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

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|  | (i) | | a person or persons, acting together, other than a holding company whose shareholders are or are to be substantially similar to the pre-existing shareholders of the Issuer or any holding company of the Issuer, acquire (i) the beneficial ownership (directly or indirectly) of more than 50% of the total voting rights represented by shares of the Issuer, or (ii) have the power to appoint or remove the majority of the members of the board of directors of the Issuer (each such event being, a “**Change of Control**”); | |
|  | (ii) | | on the date (the “**Relevant Announcement Date**”) that is the earlier of (1) the date of the first public announcement of the relevant Change of Control and (2) the date of the earliest Relevant Potential Change of Control Announcement (as defined below) (if any) the Notes have been assigned: | |
|  | | (A) | | an investment grade rating (*Baa3/BBB-/BBB- or equivalent or better*) from any Rating Agency (provided by such Rating Agency at the invitation or with the consent of the Issuer) and such rating from any Rating Agency is, within the Change of Control Period, either downgraded to a non-investment grade rating (*Ba1/BB+/BB+ or equivalent or worse*) or withdrawn and is not, within the Change of Control Period, subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to an investment grade credit rating by such Rating Agency; or |
|  | | (B) | | a non-investment grade credit rating (*Ba1/BB+/BB+ or equivalent or worse*) from any Rating Agency (provided by such Rating Agency at the invitation or with the consent of the Issuer) and such Rating from any Rating Agency is, within the Change of Control Period, downgraded by one or more notches (*for illustration, Ba1/BB+/BB+ to Ba2/BB/BB being one notch*) or withdrawn and is not, within the Change of Control Period, subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to its earlier credit rating or better by such Rating Agency; or |
|  | | (C) | | no credit rating from any Rating Agency and a Negative Rating Event also occurs within the Change of Control Period, |

*provided that,* if at the time of the occurrence of the Change of Control the Notes carry a credit rating from more than one Rating Agency, at least one of which is investment grade, then sub-paragraph (A) will apply; and

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|  | (iii) | in making any decision(s) referred to in (A) and (B) above the relevant Rating Agency announces publicly or confirms in writing to the Issuer that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control or the Relevant Potential Change of Control Announcement (whether or not the Change of Control shall have occurred at the time such rating is downgraded and/or withdrawn). |

If a Change of Control Put Event occurs then, within 14 days of the Issuer becoming aware that a Change of Control Put Event has occurred, the Issuer shall give notice (a “**Change of Control Notice**”) to the Noteholders in accordance with Condition 13 specifying the nature of the Change of Control Put Event and the procedure for exercising the Change of Control Put Option.

To exercise the Change of Control Put Option, the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of the Registrar at any time during normal business hours of the Registrar falling within the period (the “**Put Period**”) of 30

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days after the Change of Control Notice is given by the Issuer, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of the Registrar (a “**Change of Control** **Exercise Notice**”) and in which the holder must specify a bank account to which payment is to be made under this Condition 7.5 and the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Notes so surrendered is to be redeemed, an address to which a new Note in respect of the balance of such Notes is to be sent subject to and in accordance with the provisions of Condition 2.2.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the Change of Control Put Option the holder of this Note must, within the Put Period, give notice to the Fiscal Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on such holder’s instruction by Euroclear, Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be for them to the Fiscal Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

Any Change of Control Exercise Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg by a holder of any Note pursuant to this Condition 7.5 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the Change of Control Exercise Notice given pursuant to this Condition 7.5 and instead to declare such Note forthwith due and payable pursuant to Condition 10.1.

If 80% or more in nominal amount of the Notes then outstanding have been redeemed or purchased pursuant to this Condition 7.5, the Issuer may, on giving not less than 30 nor more than 60 days’ notice to the Noteholders (such notice being given within 30 days after the Change of Control Settlement Date), redeem or purchase (or procure the purchase of), at its option, all but not some only of the remaining outstanding Notes at their Early Redemption Amount, together with interest (if any) accrued to (but excluding) the date fixed for such redemption or purchase.

Any Note which is the subject of a Change of Control Exercise Notice which has been delivered to the Registrar or any of the Paying Agents, as the case may be, prior to the expiry of the Change of Control Put Period shall be redeemed or, as the case may be, purchased (or on behalf of) the Issuer on the date which is the seventh day immediately following the last day of the Change of Control Put Period (the “**Change of Control Settlement Date**”).

If the rating designations employed by any of S&P, Moody’s and Fitch are changed from those which are described in this Condition 7.5 above, or if a rating is procured from a Substitute Rating Agency, the Issuer shall determine the rating designations of S&P or Moody’s or Fitch or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of S&P or Moody’s or Fitch and this Condition 7.5 shall be read accordingly.

In these Conditions:

“**Change of Control Period**” means the period commencing on the Relevant Announcement Date and ending 90 days after the Change of Control (or such longer period for which the Issuer is under consideration (such consideration having been announced publicly within the period ending 90 days after the Change of Control) for rating review or, as the case may be, rating by a Rating Agency, such period not to exceed 60 days after the public announcement of such consideration);

“**Fitch**” means Fitch Ratings Limited;

“**Moody’s**” means Moody’s Investors Services Limited;

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“**Negative Rating Event**” shall be deemed to have occurred if at such time as there is no rating assigned to the Notes by a Rating Agency (at the invitation or with the consent of the Issuer), either (i) the Issuer does not, prior to or not later than 21 days after the occurrence of the relevant Change of Control, seek, and thereafter throughout the Change of Control Period use all reasonable endeavours to obtain, a rating of the Notes or (ii) if the Issuer does so seek and use such endeavours, it is unable to obtain such rating of at least investment grade (*Baa3/BBB-/BBB- or equivalent or better*) by the end of the Change of Control Period and the relevant Rating Agency announces publicly or confirms in writing to the Issuer and/or the Guarantor that the failure to issue a rating of at least investment grade (*Baa3/BBB-/BBB- or equivalent or better*) was as a result, in whole or in part, of the Change of Control or the Relevant Potential Change of Control Announcement (whether or not the Change of Control had occurred at such time);

“**Rating Agency**” means S&P, Moody’s, Fitch or any of their respective successors or any other internationally recognised rating agency (a “**Substitute Rating Agency**”) substituted for any of them by the Issuer from time to time;

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

“**S&P**” means S&P Global Ratings Europe Limited.

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| 7.6 | **Early Redemption Amounts** |

For the purpose of Condition 7.2, and 7.5 above and Condition 10:

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|  | (a) | each Note (other than a Zero Coupon Note) will be redeemed at its Early Redemption Amount as specified in the applicable Pricing Supplement; and |
|  | (b) | each Zero Coupon Note will be redeemed at its Early Redemption Amount calculated in accordance with the following formula: |

Early Redemption Amount = RP x (1 + AY)y

where:

“**RP**”means the Reference Price;

“**AY**”means the Accrual Yield expressed as a decimal; and

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|  | “**y**” | is the Day Count Fraction specified in the applicable Pricing Supplement which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365). |
| 7.7 | **Specific redemption provisions applicable to certain types of Notes** | |

The Final Redemption Amount, any Optional Redemption Amount and the Early Redemption Amount in respect of Index Linked Redemption Notes and Dual Currency Redemption Notes may be specified in, or

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determined in the manner specified in, the applicable Pricing Supplement. For the purposes of Condition 7.2, Index Linked Interest Notes and Dual Currency Interest Notes may be redeemed only on an Interest Payment Date.

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Pricing Supplement. In the case of early redemption, the Early Redemption Amount of Instalment Notes will be determined in the manner specified in the applicable Pricing Supplement.

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Pricing Supplement.

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| 7.8 | **Purchases** |

The Issuer, the Guarantor or any other Subsidiary of the Issuer may at any time purchase Notes at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer or the Guarantor, surrendered to any Paying Agent and/or the Registrar for cancellation.

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| 7.9 | **Cancellation** |

All Notes which are redeemed will forthwith be cancelled. All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 7.8 above shall be forwarded to the Fiscal Agent and cannot be reissued or resold.

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| 7.10 | **Late payment on Zero Coupon Notes** |

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 7.1, 7.2, 7.3, 7.4 or 7.5 above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 7.6(b) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

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|  | (a) | the date on which all amounts due in respect of such Zero Coupon Note have been paid; and |
|  | (b) | five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Fiscal Agent or the Registrar and notice to that effect has been given to the Noteholders in accordance with Condition 13. |
| **8.** | **TAXATION** | |

All payments of principal and interest in respect of the Notes by or on behalf of the Issuer or the Guarantor shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (“**Taxes**”) imposed or levied by or on behalf of any of the Relevant Jurisdictions, unless the withholding or deduction of the Taxes is required by law. In such event, the Issuer or, as the case may be, the Guarantor will pay such additional amounts as may be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note:

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|  | (a) | the holder of which is liable for Taxes in respect of such Note by reason of having some connection with the Relevant Jurisdiction other than a mere holding of the Note; or |
|  | (b) | presented for payment in the United States; or |
|  | (c) | presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by satisfying any statutory or procedural requirements (including, |

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|  |  | without limitation, the provision of information or an Internal Revenue Service Form W-8 or Form W-9 (or a successor form)); or |
|  | (d) | presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6.4). |

Notwithstanding the foregoing, no additional amount shall be payable for or on account of (i) any taxes, duties, assessments or governmental charges that are imposed otherwise than by deduction or withholding from payments made under or with respect to the Notes, (ii) any taxes, duties, assessments or governmental charges that are imposed on or with respect to any payment on any Notes to a Noteholder who is a fiduciary, partnership, limited liability company, or person other than the Beneficial Owner of such payment to the extent that the Beneficial Owner with respect to such payment (or portion thereof) would not have been entitled to the additional amounts had the payment (or the relevant portion thereof) been made directly to such Beneficial Owner and (iii) any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the Code, or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation therefore (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement). As used in clause (ii) above, “**Beneficial Owner**” means the person who is required by the laws of the relevant tax jurisdiction to include the payment in income for tax purposes.

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|  |  | As used herein: |
|  | (i) | “**Relevant Date**” means the date on which such payment first becomes due, but, if the full amount of the money payable has not been duly received by the Fiscal Agent or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such money having been so received, notice to that effect has been duly given to the Noteholders in accordance with Condition 13; and |
|  | (ii) | “**Relevant Jurisdiction**” means the United States or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax the Issuer or the Guarantor, as the case may be, to which payments of principal and interest on the Notes or payments made under the Guarantee become generally subject. |
| **9.** | **PRESCRIPTION** | |

The Notes will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8) therefor.

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| **10.** | **EVENTS OF DEFAULT** |
| 10.1 | **Events of Default** |

The holder of any Note may give notice to the Issuer to declare any Note held by it to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Redemption Amount, together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind, if any one or more of the following events (each an “**Event of Default**”) shall occur and be continuing:

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|  | (a) | if default is made in the payment in the Specified Currency of any principal or interest due in respect of the Notes or any of them and the default continues for a period of 7 days in the case of principal and 14 days in the case of interest; or |
|  | (b) | if the Issuer or the Guarantor fails to perform or observe any of its other obligations under these Conditions or the Guarantee and (except in any case where the failure is incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days following the service by a Noteholder on the Issuer or the Guarantor (as the case may be) of notice requiring the same to be remedied; or |
|  | (c) | if (i) any Indebtedness for Borrowed Money (as defined below) of the Issuer, the Guarantor or any Material Subsidiary becomes due and repayable prematurely by reason of any event of default (however described); (ii) the Issuer, the Guarantor or any Material Subsidiary fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment or, as the case may be, within any originally applicable grace period; or (iii) any security given by the Issuer, the Guarantor or any Material Subsidiary for any Indebtedness for Borrowed Money becomes enforceable; or (iv) default is made by the Issuer, the Guarantor or any Material Subsidiary in making any payment due or, as the case may be, within any originally applicable grace period under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person; provided that, the aggregate amount of the relevant Indebtedness for Borrowed Money in respect of which one or more of the events mentioned above in this Condition 10.1(c) have occurred and are continuing exceeds €40 million or its equivalent in any other currency; or |
|  | (d) | if any final order is made by any competent court or resolution is passed for the winding up or dissolution of the Issuer, the Guarantor or any Material Subsidiary, save for the purposes of reorganisation (i) on terms previously approved by an Extraordinary Resolution of the Noteholders or (ii) in the case of a Material Subsidiary, whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the Issuer or another of its Subsidiaries; or |
|  | (e) | if the Issuer, the Guarantor or any Material Subsidiary ceases or threatens, through (i) an official action of the board of directors of the Issuer, the Guarantor or any Material Subsidiary, or (ii) action by a majority of the shareholders of the Issuer, the Guarantor or any Material Subsidiary, to cease to carry on the whole or substantially all of its business (except a cessation (i) for the purposes of reorganisation or similar arrangement on terms previously approved by an Extraordinary Resolution of the Noteholders, (ii) in the case of the Guarantor, in connection with the transfer of the whole or substantially all of its business to one or more Subsidiaries of the Guarantor or (iii) in the case of a Material Subsidiary, in connection with the transfer of the whole or substantially all of its business to the Issuer, the Guarantor or any other Subsidiary of either of them which is or thereby becomes a Material Subsidiary, and provided that a bona fide disposal for full value on an arm’s length basis of the whole or substantially all of the business of the Issuer, the Guarantor or a Material Subsidiary shall be deemed not to be a cessation for the purposes of this paragraph) or the Issuer, the Guarantor or any Material Subsidiary stops or threatens to stop payment, or is unable to, or admits inability to pay, its debts (or any class of its debts) as they fall due, or is adjudicated bankrupt or insolvent by a court of competent jurisdiction; or |
|  | (f) | if (i) proceedings are initiated against the Issuer, the Guarantor or any Material Subsidiary under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator, liquidator or other similar official, or an administrative or other receiver, manager, administrator, liquidator or other similar official is appointed, in relation to the Issuer, the Guarantor or any Material Subsidiary or, as the case may be, in relation to the whole or substantially all of the undertaking or assets of any of them or an encumbrancer takes |

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|  |  | possession of the whole or substantially all of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or substantially all of the undertaking or assets of any of them (except in any such case for the purpose of a reconstruction, merger, consolidation, amalgamation or other similar arrangement the terms of which have previously been approved by an Extraordinary Resolution of Noteholders or, in the case of a Material Subsidiary, in connection with the transfer of all or the major part of its business, undertaking and assets to the Issuer, Guarantor or another Subsidiary of either of them which thereby becomes a Material Subsidiary), and (ii) in any such case is not discharged within 45 days; or |
|  | (g) | if the Issuer, the Guarantor or any Material Subsidiary initiates or consents to judicial proceedings relating to itself under applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or convenes a meeting to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or |
|  | (h) | if the Guarantee ceases to be, or is claimed by the Issuer or the Guarantor not to be, in full force and effect. |
| 10.2 | **Definitions** | |

For the purposes of the Conditions:

“**Indebtedness for Borrowed Money**” means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any borrowed money or any liability under or in respect of any acceptance or acceptance credit or any notes, bonds, debentures, debenture stock, loan stock or other securities;

“**Material Subsidiary**” means each Subsidiary of the Issuer (other than the Guarantor) the EBITDA of which (on an unconsolidated basis) as at the date at which its latest audited financial statements were prepared or, as the case may be, for the financial period to which those financial statements relate accounts for 10% or more of the Consolidated EBITDA (all as calculated by reference to the latest audited consolidated financial statements of the Issuer), provided that if a Subsidiary has been acquired since the date as at which the latest audited consolidated financial statements of the Issuer were prepared, the financial statements shall be deemed to be adjusted in order to take into account the acquisition of that Subsidiary (that adjustment being certified by the auditors as representing an accurate reflection of the Consolidated EBITDA of the Issuer); and

“**Consolidated EBITDA**” means, for any financial period, the consolidated profit or loss of the Issuer and its Subsidiaries (the “**Group**”), as shown in the income statement:

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|  | (i) | ***before deducting*** any ***income*** tax expense, as shown in the income statement; |
|  | (ii) | ***before deducting*** any finance costs and excluding any finance income, as shown in the income statement; |
|  | (iii) | ***after adding back*** any amount attributable to the amortisation or depreciation of assets of the Group or any members of the Group; |
|  | (iv) | ***before taking into account*** any exceptional items of a one-off or non-recurring nature (including, without limitation, the costs associated with any restructuring programme or with any disposal not made in the ordinary course of business); |
|  | (v) | ***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 |

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|  |  | or gain arising on any upward or downward revaluation of any asset (including without limitation any impairment of goodwill); |
|  | (vi) | ***before taking in to account*** any unrealised gains or loss on any derivative instrument; |
|  | (vii) | ***after deducting*** the amount of profit (or adding back the amount of any loss) of any member of the Group which is attributable to non-controlling interests; and |
|  | (viii) | ***after excluding*** any amortisation or gains or losses under IAS 39 arising from the discontinuation of hedging agreements, |

where, for the purposes of this definition, the exchange rate to be used shall be the exchange rate used in the financial statements of the Group for the relevant financial period.

In relation to any Subsidiary of the Issuer (or the Guarantor, as the case may be), “**EBITDA**” in relation to such Subsidiary shall be assessed on an unconsolidated basis but otherwise consistent with the manner in which Consolidated EBITDA is assessed.

Consolidated EBITDA shall be adjusted by including (or excluding), on a *pro-forma* basis, EBITDA attributable to companies or businesses acquired (or divested) during the relevant financial period as if they had been acquired (or divested) on the first day of the relevant financial period.

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| 10.3 | **Reports** |

A report by any two authorised signatories of the Issuer that in their opinion a Subsidiary of the Issuer (or the Guarantor, as the case may be) is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties.

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| **11.** | **REPLACEMENT OF NOTES** |

Should any Note be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes must be surrendered before replacements will be issued.

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| **12.** | **AGENTS** |

The initial Agents are set out above. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Pricing Supplement.

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

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|  | (a) | there will at all times be a Fiscal Agent and a Registrar; |
|  | (b) | so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Transfer Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and |
|  | (c) | there will at all times be a Paying Agent in a jurisdiction within Europe. |

Notice of any variation, termination, appointment or change in Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 13.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and the Guarantor and do not assume any obligation to, or relationship of agency or trust with, any Noteholder. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with

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which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

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| **13.** | **NOTICES** |

All notices regarding the Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such websites or such mailing the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the second day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Registrar. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Registrar through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

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| **14.** | **MEETINGS OF NOTEHOLDERS AND MODIFICATION** |

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of any of these Conditions or the Guarantee or any of the provisions of the Agency Agreement. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50% in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons present whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes any matter defined in the Agency Agreement as a Basic Terms Modification, including the modification of the Guarantee or certain of these Conditions (including the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes), the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, of the nominal amount of the Notes for the time being outstanding. The Agency Agreement provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority consisting of not less than three-fourths of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Fiscal Agent) by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders

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will be binding on all Noteholders, whether or not they are present at any meeting and whether or not they voted on the resolution.

The Fiscal Agent and the Issuer may agree, without the consent of the Noteholders, to:

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|  | (a) | any modification (except a Basic Terms Modification (being a matter in respect of which an increased quorum is required as mentioned above)) of the Notes, the Deed of Covenant or the Agency Agreement which is not materially prejudicial to the interests of the Noteholders; or |
|  | (b) | any modification of the Notes, the Deed of Covenant or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law. |

Any such modification shall be binding on the Noteholders and, unless the Fiscal Agent agrees otherwise, any modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 13.

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| **15.** | **FURTHER ISSUES** |

The Issuer shall be at liberty from time to time without the consent of the Noteholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes.

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| **16.** | **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999** |

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

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| **17.** | **GOVERNING LAW AND SUBMISSION TO JURISDICTION** |
| 17.1 | **Governing law** |

The Agency Agreement, the Guarantee, the Deed of Covenant, the Notes and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Guarantee, the Deed of Covenant and the Notes are governed by, and construed in accordance with, English law.

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| 17.2 | **Submission to jurisdiction** | |
|  | (a) | Subject to Condition 17.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes (a “**Dispute**”) and accordingly each of the Issuer and any Noteholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts. |
|  | (b) | For the purposes of this Condition 17.2, the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute. |
|  | (c) | To the extent allowed by law, the Noteholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions. |
| 17.3 | **Appointment of Process Agent** | |

The Issuer irrevocably appoints Airbags International Limited at Viking Way, Congleton, Cheshire CW12 1TT as its agent for service of process in any proceedings before the English courts in relation to any Dispute

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and agrees that, in the event of Airbags International Limited being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

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| 17.4 | **Waiver of trial by jury** |

WITHOUT PREJUDICE TO CONDITION 17.2 THE ISSUER WAIVES ANY RIGHT IT MAY HAVE TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION IN CONNECTION WITH THE NOTES. THESE CONDITIONS MAY BE FILED AS A WRITTEN CONSENT TO A BENCH TRIAL.

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| 17.5 | **Other documents and the Guarantor** |

The Issuer and, where applicable, the Guarantor have in the Agency Agreement, the Guarantee and the Deed of Covenant submitted to the jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above.

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**FORM OF NOTES**

The Notes of each Series will be in registered form, without interest coupons attached. Notes will be issued outside the United States in reliance on the exemption from registration provided by Regulation S.

The Notes of each Tranche will initially be represented by a global note in registered form (a “**Global Note**”).

Global Notes will be deposited with a common depositary or, if the Global Notes are to be held under the new safe-keeping structure (the “**NSS**”), a common safekeeper, as the case may be for Euroclear and Clearstream, Luxembourg, and registered in the name of the nominee for the common depositary of, Euroclear and Clearstream, Luxembourg or in the name of a nominee of the common safekeeper, as specified in the applicable Pricing Supplement. Persons holding beneficial interests in Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

Where the Global Notes issued in respect of any Tranche is intended to be held under the NSS, the applicable Pricing Supplement will indicate whether or not such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any time during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The common safekeeper for a Global Note held under the NSS will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

Payments of principal, interest and any other amount in respect of the Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 6.2) as the registered holder of the Global Notes. None of the Issuer, the Guarantor, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 6.2) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Global Note) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

No beneficial owner of an interest in a Global Note will be able to transfer such interest, except in accordance with the applicable procedures of Euroclear and Clearstream, Luxembourg, in each case to the extent applicable.

**General**

Pursuant to the Agency Agreement (as defined under “*Terms and Conditions of the Notes*”), the Fiscal Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing

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Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 10. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Conditions and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then from 8.00 p.m. (London time) on such day holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg on and subject to the terms of a deed of covenant (the “**Deed of Covenant**”) dated 11 April 2019 and executed by the Issuer.

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**USE OF PROCEEDS**

The net proceeds of issues of Notes will be used for general corporate purposes of the Issuer. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Pricing Supplement.

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**DESCRIPTION OF THE GROUP**

**General**

The Issuer is a Delaware corporation with its principal executive offices in Stockholm, Sweden. The Issuer was created in 1997 from the merger of Autoliv AB and the automotive safety products business of Morton International, Inc. The Issuer functions as a holding corporation and owns two principal subsidiaries, Autoliv AB (Sweden) and the Guarantor. The Issuer’s fiscal year ends on 31 December.

On 29 June 2018, Autoliv completed the spin-off of its former Electronics segment through the distribution of all of the issued and outstanding stock of Veoneer. The spin-off is described in more detail in Note 1 to the 2020 Consolidated Financial Statements.

**Group Structure Chart**

The following diagram shows the Issuer’s key subsidiaries, including depicting the Guarantor’s position within the Group as at the date of this Base Listing Particulars:

Autoliv, Inc.

(*Delaware*)

Autoliv Safety Technology, Inc. (*Delaware*)

Autoliv AB (*Sweden*)

Autoliv ASP, Inc. (*Indiana*)

OEA, Inc. (*Deleware*)

Autoliv Holding, Inc. (*Delaware*)

Issuer and Guarantor

**Business**

The Group is a leading developer, manufacturer and supplier of safety systems to the automotive industry with a broad range of product offerings, primarily passive safety systems.

The Issuer was incorporated in the State of Delaware on 1 October 1996 under the General Corporation Law of the State of Delaware with file number 2668672. The address of the Issuer is Klarabergsviadukten 70, Section B7, 7th Floor, Box 70381, SE-111 64, Stockholm, Sweden and its telephone number is +46 8 587 20 600. The address of the Issuer’s registered office in the State of Delaware is Corporation Trust Center, 1209 Orange St, Wilmington, Delaware 19801. The name of its registered agent at such address is The Corporation Trust Company.

Passive safety systems are primarily meant to improve vehicle safety. Passive safety systems include modules and components for frontal-impact airbag protection systems, side-impact airbag protection systems, seatbelts, steering

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wheels, inflator technologies, battery cable cutters and protection systems for vulnerable road users such as pedestrians and cyclists.

Including joint venture operations, the Group has approximately 65 production facilities in 25 countries and its customers include the world’s largest car manufacturers. The Group's sales in 2020 were US$7.4 billion, approximately 65% of which consisted of airbag and steering wheel products and approximately 35% of which consisted of seatbelt products. The Issuer's business is conducted in the following geographical regions: Europe, the Americas, China, Japan and the Rest of Asia (ROA).

The Issuer's head office is located in Stockholm, Sweden, where the Issuer currently employs approximately 70 people. At 31 December 2020, the Group had approximately 61,000 employees worldwide, and a total headcount, of approximately 68,000, which includes 7,000 temporary personnel.

Additional information regarding developments in the Group's business during 2020 is contained under Item 7 of the Issuer’s Annual Report on Form 10-K.

**Reportable Segment**

Upon completion of the spin-off of its former Electronics segment on 29 June 2018, the Issuer concluded that it has one reportable segment based on the way the Issuer evaluates its financial performance and manages its operations. The Issuer’s remaining business is comprised of passive safety products - principally airbags (including steering wheels and inflators) and seatbelts.

For more information regarding the Company’s segment reporting, see Note 1 to the 2020 Consolidated Financial Statements.

**Products, Market and Competition**

*Products*

Saving more lives on the road is a key health priority as the world population grows and develops. However, population expansion in Growth Markets and the rise of megacities creates new complexities. To meet this challenge, the Group develops automotive safety solutions that work in real-life situations.

The Group's passive safety systems such as seatbelts and airbags substantially mitigate human consequences of traffic accidents.

The airbag module is designed to inflate extremely rapidly then quickly deflate during a collision or impact. It consists of the container, airbag cushion and an inflator. The purpose of the airbag is to provide the occupants a cushioning and restraint during a crash event to prevent any impact or impact-caused injuries between the occupant and the interior of the vehicle.

Seatbelts can reduce the overall risk of serious injuries in frontal crashes by as much as 60% due to advanced seatbelt technologies such as pretensioners and load limiters.

The Issuer also manufactures steering wheels that are crafted to ensure they meet safety requirements and are functional as well as stylish.

*Market and Competition*

Consumer research clearly shows that consumers want safe vehicles, and several significant trends are likely to have a positive influence on overall safety content per vehicle (“**CPV**”). These include:

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|  | 1) | Society becoming increasingly focused on Vision Zero, which includes a goal of reducing traffic fatalities and their associated costs, |

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|  | 2) | Demographic trends of increased urbanisation, aging driver populations and increased safety focus in Growth Markets, |

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|  |  |  |
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|  | 3) | Evolving government regulations and test rating systems to improve the safety of vehicles in various markets, such as the updated Euro New Car Assessment Program (NCAP), China NCAP and USNCAP, and |

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| --- | --- | --- |
|  | 4) | The trend towards autonomous driving vehicles will add new demands, and to provide protection of occupants in new seating positions, regardless of how a driver or other passenger are seated, will require new and more complex solutions. |

The automotive safety market is driven by two primary factors: light vehicle production (“**LVP**”) and CPV.

The first growth driver, LVP, has increased at an average annual growth rate of around 1.3% since the incorporation of the Issuer in 1997 despite the substantial drop in LVP in 2020 due to the COVID-19 pandemic. LVP is forecasted to grow to close to 88 million vehicles by 2023 from approximately 72 million in 2020, as the market is expected to recover from the effects of the COVID-19 pandemic, according to IHS Markit.

Unlike LVP, where the Group can only aim to be on the best-selling platforms, the Group can influence CPV more directly by continuously developing and introducing new technologies with higher value-added features. Over the long-term, this increases average safety CPV and has caused the Group's markets to grow faster than the LVP.

Since the incorporation of the Issuer in 1997, the Group’s net sales compound annual growth rate (“**CAGR**”) for passive safety has been 4.4% compared to the market rate of around 1.9% which includes an LVP growth of around 1.3%. The Group's outperformance is a result of a steady flow of new passive safety technologies, strong focus on quality and a superior global footprint both in products and engineering. This has enabled the Group to increase its market share from 27% in 1997 to more than 42% in 2020.

In the developed markets, such as Western Europe, North America, Japan and South Korea, the CPV is around US$300. CPV growth in these regions will mainly come from new safety systems such as active seatbelts, knee airbags and front center airbags along with improved protection for pedestrians and rear-seat occupants like bag-in-belt or more advanced seatbelts.

In the Growth Markets, the Group sees great opportunities for CPV growth from more airbags and advanced seatbelt products. Average CPV in the Growth Markets is around US$190, approximately US$110 less than in the developed markets.

As a result of higher installation rates of airbags, more advanced seatbelt products and more complex steering wheels, CPV is expected to increase at a similar pace in both developed and Growth Markets over the next 3-4 years. LVP in Growth Markets is expected to increase faster than in the developed markets during the same period. Despite a negative LVP-mix effect from higher growth in low CPV markets, the annual passive safety market (seatbelts and airbags, including steering wheels), is expected to grow from around US$17 billion in 2020 to more than US$23 billion over the next 3-4 years, based on the current macro-economic outlook and the Group's internal market intelligence and estimates. The highest growth rate is expected in steering wheels, where the Group has a global market share of around 37%, generated by the trend toward higher-value steering wheels with leather and additional features.

In seatbelts, the Group has reached a global market share of around 44%, primarily due to being the technology leader with several important innovations such as pretensioners and active seatbelts. The Group's strong market position is also a reflection of its superior global footprint. Seatbelts are the primary life-saving safety product and are also an important requirement in low-end vehicles for the Growth Markets. This provides the Group with an excellent opportunity to benefit from the expected growth in this segment of the market.

The market for airbags, where the Issuer has a market share of around 42% is expected to grow mainly as a result of higher installation rates of inflatable curtains, side airbags and knee airbags. Additionally, the new front center airbag is expected to start to contribute to the market growth.

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*The Group’s Competitors*

The Issuer is the clear market leader in passive safety with an estimated global market share of 42%. ZF, the Group’s largest competitor, is a global leader in driveline and chassis technology as well as in passive safety technologies, and is one of the largest global automotive suppliers.

The Issuer’s second largest competitor is U.S.-based Joyson Safety Systems (JSS). JSS is a Chinese owned company and is the result of the merger between Key Safety Systems (KSS) and Takata Corporation after KSS acquired Takata in 2018.

In Japan, Brazil, South Korea and China there are a number of local suppliers that have close ties with the domestic vehicle manufacturers. For example, Toyota uses “keiretsu” (in-house) suppliers Tokai Rika for seatbelts and Toyoda Gosei for airbags and steering wheels. These suppliers generally receive most of the Toyota business in Japan, in the same way, Mobis, a major supplier to Hyundai/Kia in South Korea, generally receives a significant part of their business.

Other competitors include Nihon Plast and Ashimori of Japan, Jinheng of China, Samsung in South Korea and Chris Cintos de Seguranca in South America. Collectively, these competitors account for the majority of the remaining market share in passive safety.

Additional information concerning the Group’s products, markets and competition is included in the “Risks and Risk Management” section under Item 7 of the Issuer’s Annual Report on Form 10-K.

**Manufacturing and Production**

See the “Properties” section below for a description of the Issuer’s principal properties. The component factories manufacture inflators, propellant, initiators, textile cushions, webbing, pressed steel parts, springs and overmoulded steel parts used in seatbelt and airbag assembly and steering wheels. The assembly factories source components from a number of parties, including the Group’s own component factories, and assemble complete restraint systems for “just-in-time” delivery to customers. The products manufactured by the Issuer’s consolidated subsidiaries in 2020 consisted of approximately 126 million complete seatbelt systems (of which approximately 80 million were fitted with pretensioners), approximately 87 million side airbags (including curtain airbags and front center airbags), approximately 49 million frontal airbags, approximately 0.5 million other airbags and approximately 17 million steering wheels.

The Group’s “just-in-time” delivery system is designed to accommodate the specific requirements of each customer for low levels of inventory and rapid stock delivery service. “Just-in-time” deliveries require final assembly or, at least, distribution centres in geographic areas close to customers to facilitate rapid delivery. The fact that the major automobile manufacturers are continually expanding their production activities into more countries and require the same or similar safety systems as those produced in Europe, Japan or the U.S. increases the importance for suppliers to have assembly capacity in several countries. Consolidation among the Group's customers also supports this trend.

The Group’s assembly operations generally are not constrained by capacity considerations unless there is a disruption in the supply of raw materials and components. When dramatic shifts in LVP occur, the Group can generally adjust capacity in response to any changes in demand within a few days by adding or removing work shifts and within a few months by adding or removing standardised production and assembly lines. Most of the Group’s assembly factories can make sufficient space available to accommodate additional production lines to satisfy foreseeable increases in capacity. As a result, the Group can usually adjust its manufacturing capacity faster than its customers can adjust their capacity as a result of fluctuations in the general demand for vehicles or in the demand for a specific vehicle model, provided that customers promptly notify the Group when they become aware of such changes in demand.

When dramatic shifts in LVP occur or when there is a shift in regional LVP, the capacity adjustments can take more time and be more costly. Additionally, when there is significant demand for a given product due to a major recall of a competitor’s product, like certain of the Group's customers have experienced, capacity adjustments may take time.

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The Group could experience disruption in its supply or delivery chain, which could cause one or more of its customers to halt or delay production. For more information, see Risk Factors section, “*The Group could experience disruption in its supply or delivery chain, which could cause one or more of the Group's customers to halt or delay production*”.

**Properties**

The Group’s principal executive offices are located at Klarabergsviadukten 70, Section B7, SE-111 64, Stockholm, Sweden. The Group’s various businesses operate in a number of production facilities and offices. The Group believes that its properties are adequately maintained and suitable for their intended use and that the Group’s production facilities have adequate capacity for the Group’s current and foreseeable needs. All of the Group’s production facilities and offices are owned or leased by operating (either subsidiary or joint venture) companies.

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***AUTOLIV MANUFACTURING FACILITIES***

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  |  |
| **Country/ Company** | **Location of Facility** | **Items Produced at Facility** | **Owned/ Leased** |
| **Brazil** |  |  |  |
| Autoliv do Brasil Ltda. | Taubaté | Seatbelts, airbags, steering wheels and seatbelt webbing | Owned |
|  |  |  |  |
| **Canada** |  |  |  |
| Autoliv Canada, Inc. | Tilbury | Airbag cushions | Owned |
| VOA Canada, Inc. | Collingwood | Seatbelt webbing | Owned |
|  |  |  |  |
| **China** |  |  |  |
| Autoliv (Baoding) Vehicle Safety Systems Co., Ltd | Baoding | Airbags | Leased |
| Autoliv (Changchun) Vehicle Safety Systems Co., Ltd. | Changchun | Airbags and seatbelts | Owned |
| Autoliv (China) Steering Wheel Co., Ltd. | Fengxian/Shanghai | Steering wheels | Owned |
| Autoliv (Guangzhou) Vehicle Safety Systems Co., Ltd. | Guangzhou | Airbags and seatbelts | Owned |
| Autoliv (Nanjing) Vehicle Safety Systems Co., Ltd. | Nanjing | Seatbelts | Owned |
| Autoliv Shenda (Nanjing) Automotive Components Co., Ltd. | Nanjing | Seatbelt webbing | Owned |
| Autoliv (Shanghai) Vehicle Safety Systems Co., Ltd. | Shanghai | Airbags | Owned |
| Autoliv Shenda (Tai Cang) Automotive Safety Systems Co., Ltd. | Shanghai | Seatbelt webbing | Owned |
| Autoliv (Jiangsu) Automotive Safety Components Co., Ltd. | Jintan | Propellant, Airbag initiators and Airbag inflators | Owned |
| Autoliv (China) Automotive Safety Systems Co., Ltd. | Nantong | Airbag cushions | Owned |
| Mei-An Autoliv Co., Ltd. | Taipei | Seatbelts and airbags | Leased |
|  |  |  |  |
| **Estonia** |  |  |  |
| AS Norma | Tallinn | Seatbelts and belt components | Owned |
|  |  |  |  |
| **France** |  |  |  |
| Autoliv France SNC | Gournay-en-Bray | Seatbelts and airbags | Owned |
| Autoliv Isodelta SAS | Chiré-en-Montreuil | Steering wheels and covers | Owned |
| Livbag SAS | Pont-de-Buis | Airbag inflators | Owned |
| N.C.S. Pyrotechnie et Technologies SAS | Survilliers | Airbag initiators and seatbelt micro gas generators | Owned |
|  |  |  |  |
| **Germany** |  |  |  |
| Autoliv B.V. & Co. KG | Elmshorn | Seatbelts | Owned |
|  |  |  |  |
| **Hungary** |  |  |  |
| Autoliv Kft. | Sopronkövesd | Seatbelts | Owned |
|  |  |  |  |

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|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  |  |
| **Country/ Company** | **Location of Facility** | **Items Produced at Facility** | **Owned/ Leased** |
| **India** |  |  |  |
| Autoliv India Private Ltd. | Bangalore | Seatbelts, airbags and steering wheels | Leased |
|  | Mysore | Seatbelt webbing | Owned |
|  | Delhi | Seatbelts, airbags and steering wheels | Leased |
|  | Chennai | Airbags, Seatbelts | Leased |
|  |  |  |  |
| **Indonesia** |  |  |  |
| P.T. Autoliv Indonesia | Jakarta | Seatbelts and steering wheels | Owned |
|  |  |  |  |
| **Japan** |  |  |  |
| Autoliv Japan Ltd. | Atsugi | Steering wheels | Owned |
|  | Hiroshima  Taketoyo  Tsukuba | Airbags and steering wheels  Airbag inflators  Airbags and seatbelts | Owned  Owned  Owned |
| **Malaysia** |  |  |  |
| Autoliv-Hirotako Sdn Bhd | Kuala Lumpur | Seatbelts, airbags and steering wheels | Owned |
|  |  |  |  |
| **Mexico** |  |  |  |
| Autoliv Mexico East S.A. de C.V. | Matamoros | Steering wheels | Owned |
| Autoliv Mexico S.A. de C.V. | Lerma | Seatbelts | Owned |
| Autoliv Safety Technology de  Mexico S.A. de C.V. | Tijuana | Seatbelts | Leased |
| Autoliv Steering Wheels Mexico S. de R.L. de C.V. | Querétaro  Querétaro | Airbag cushions  Airbags | Leased  Leased |
|  |  |  |  |
| **Philippines** |  |  |  |
| Autoliv Cebu Safety Manufacturing, Inc. | Cebu | Steering wheels | Owned |
|  |  |  |  |
| **Poland** |  |  |  |
| Autoliv Poland Sp. zo.o. | Olawa | Airbag cushions | Owned |
|  | Jelcz-Laskowice | Airbags and seatbelts | Owned |
|  |  |  |  |
| **Romania** |  |  |  |
| Autoliv Romania S.R.L. | Brasov | Seatbelts, seatbelt webbing, airbags, airbag inflators, springs for retractors and seatbelt components | Owned |
|  | Lugoj | Airbag cushions | Owned |
|  | Resita | Airbag cushions | Leased |
|  | Sfantu Georghe | Steering wheels | Owned |
|  | Onesti | Steering wheels | Leased |
|  | Rovinari | Seatbelts | Owned |
| **Russia** |  |  |  |
| OOO Autoliv | Togliatti | Airbags, seatbelts and steering wheels | Leased |
|  |  |  |  |
| **South Africa** |  |  |  |
| Autoliv Southern Africa (Pty) Ltd. | Krügersdorp | Seatbelts and airbags | Owned |
|  |  |  |  |
| **South Korea** |  |  |  |
| Autoliv Corporation | Hwasung  Wonju | Airbags  Seatbelts | Owned  Owned |
|  |  |  |  |
| **Spain** |  |  |  |
| Autoliv BKI S.A.U. | Valencia | Airbags | Owned |
|  |  |  |  |
| **Sweden** |  |  |  |
| Autoliv Sverige AB | Vårgårda | Airbag inflators | Owned |
|  |  |  |  |

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|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  |  |
| **Country/ Company** | **Location of Facility** | **Items Produced at Facility** | **Owned/ Leased** |
| **Thailand** |  |  |  |
| Autoliv Thailand Ltd. | Chonburi  Chonburi | Seatbelts  Airbags, airbag cushions, steering wheels | Owned  Leased |
|  |  |  |  |
| **Tunisia** |  |  |  |
| SWT1 SARL    ASW3 SARL | El Fahs    Nadhour | Leather wrapping of steering wheels    PU Molding andLeather wrapping of steering wheels | Owned & Leased Owned |
|  |  |  |  |
| **Turkey** |  |  |  |
| Autoliv Cankor Otomotiv Emniyet Sistemleri Sanayi Ve Ticaret A.S. | Gebze-Kocaeli | Seatbelts | Owned |
|  |  |  |  |
| Autoliv Cankor Otomotiv Emniyet Sistemleri Sanayi Ve Ticaret A.S. Gebze-Subesi | Gebze-Kocaeli | Airbags, Steering wheels | Leased |
|  |  | and Seatbelt components |  |
|  |  |  |  |
| **United Kingdom** |  |  |  |
| Airbags International Ltd | Congleton | Airbag cushions | Owned |
|  |  |  |  |
| **USA** |  |  |  |
| Autoliv ASP, Inc. | Brigham City  Ogden  Ogden  Promontory  Tremonton | Airbag inflators  Airbags  Airbags and service parts  Propellant  Airbag initiators and seatbelt micro gas generators | Owned  Owned  Leased  Owned  Owned |

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***TECHNICAL CENTERS AND CRASH TEST TRACKS***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Country / Company** |  | **Location** |  |  | **Product(s) Supported** |
|  |  |  |  |  |  |
| **China** |  |  |  |  |  |
| Autoliv (Shanghai) Vehicle Safety System Technical Center Co., Ltd. |  | Shanghai |  |  | Airbags and seatbelts customer applications and platform development with full-scale test laboratory |
| **France** |  |  |  |  |  |
| Autoliv France SNC |  | Gournay-en-Bray |  |  | Airbags and seatbelts customer applications and platform development with full-scale test laboratory |
|  |  |  |  |  |  |
| Livbag SAS |  | Pont-de-Buis |  |  | Inflator and pyrotechnic development |
|  |  |  |  |  |  |
| **Germany** |  |  |  |  |  |
| Autoliv B.V. & Co. KG |  | Dachau |  |  | Customer applications and platform development, airbags with full-scale test laboratory |
|  |  | Elmshorn |  |  | Seatbelts with full-scale test laboratory |
|  |  |  |  |  |  |
| **India** |  |  |  |  |  |
| Autoliv India Private Ltd. |  | Bangalore |  |  | Airbags and seatbelts with sled testing |
| **Japan** |  |  |  |  |  |
| Autoliv Japan Ltd. |  | Tsukuba |  |  | Airbags and seatbelts customer applications and platform development with sled test laboratory |
|  |  |  |  |  |  |
| **Poland** |  |  |  |  |  |
| Autoliv Poland Sp. zo.o. |  | Olawa |  |  | Airbags applications and platform development |
|  |  |  |  |  |  |
| **Romania** |  |  |  |  |  |
| Autoliv Romania S.R.L. |  | Brasov |  |  | Seatbelts with sled test laboratory |
|  |  |  |  |  |  |
| **South Korea** |  |  |  |  |  |
| Autoliv Corporation |  | Seoul |  |  | Airbags and seatbelts customer applications and platform development with sled test laboratory |
| **Sweden** |  |  |  |  |  |
| Autoliv Development AB |  | Vårgårda |  |  | Research center |
| Autoliv Sverige AB |  | Vårgårda |  |  | Airbags customer applications and platform development with full-scale test laboratory and Inflator development |

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|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Country / Company** |  | **Location** |  |  | **Product(s) Supported** |
|  |  |  |  |  |  |
| **USA** |  |  |  |  |  |
| Autoliv ASP, Inc. |  | Auburn Hills |  |  | Airbags, steering wheels, and seatbelts customer applications and platform development with full-scale test laboratory |
|  |  | Ogden |  |  | Airbags, inflators and pyrotechnics customer applications and platform development |

**Quality Management**

The Group's management believes that superior quality is a prerequisite to being considered a leading global supplier of automotive safety systems and is key to its financial performance, because quality excellence is critical for winning new orders, preventing recalls and maintaining low scrap rates. The Group has for many years emphasised a “zero-defect” proactive quality policy and continues to strive to improve its working methods. This means both that the Group’s products are expected to always meet performance expectations and be delivered to its customers at the right times and in the right amounts. Furthermore, the Group's management believes its continued quality improvements further enhance its reputation among its customers, employees and governmental authorities.

Although quality has always been paramount in the automotive industry, especially for safety products, automobile manufacturers have become increasingly focused on quality with even less tolerance for any deviations. This intensified focus on quality is partially due to an increase in the number of vehicle recalls for a variety of reasons (not just safety), including a few high-profile vehicle recalls. This trend is likely to continue as automobile manufacturers introduce even stricter quality requirements and regulating agencies and other authorities increase the level of scrutiny given to vehicle-safety issues. The Group has not been immune to the recalls that have been impacting the automotive industry.

The Group continues to drive its quality initiative called “Q5” which was initiated in the summer of 2010. It is an integral part of the Group's strategy of shaping a proactive quality culture of zero defects. It is called “Q5” because it addresses quality in five dimensions: products, customers, growth, behaviour and suppliers. The goal of Q5 is to firmly tie together quality with value within all of the Group's processes and for all of the Group’s employees, thereby leading to the best value for the Group's customers. Since 2010, the Group has continually expanded this quality initiative to provide additional skills training to more employees and suppliers. These activities have significantly improved the Group’s quality performance.

In its pursuit of excellence in quality, the Group has developed a chain of four “defence lines” against potential quality issues. These defence lines consist of: 1) robust product designs, 2) flawless components from suppliers and the Group's own in-house component companies, 3) manufacturing flawless products with a system for verifying that the Group's products conform with specifications and 4) an advanced traceability system in the event of a recall.

The Group's pursuit of excellence in quality extends from the earliest phases of product development to the proper disposal of a product following many years of use in a vehicle. The Group’s comprehensive Autoliv Product Development System includes several key check points during the process of developing new products that are designed to ensure that such products are well-built and have no hidden defects. Through this process, the Group works closely with its suppliers and customers to set clear standards that help to ensure robust component design and lowest cost for function in order to proactively prevent problems and ensure it delivers only the best designs to the market.

The Autoliv Production System (“**APS**”), based on the goals of improving quality and efficiency, is at the core of the Group’s manufacturing philosophy. APS integrates essential quality elements, such as mistake proofing, statistical process control and operator involvement, into the manufacturing processes so all the Group's associates are aware of and understand the critical connection between themselves and the Group's lifesaving products. This

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“zero-defect” principle extends beyond the Group to the entire supplier base. All of the Group's suppliers must accept the strict quality standards in the global Autoliv Supplier Manual, which defines the Group's quality requirements and focuses on preventing bad parts from being produced by the Group's suppliers and helps eliminate defective intermediate products in the Group's assembly lines as early as possible. In addition, the One Product One Process (“**1P1P**”) initiative is the Group's strategy for developing and managing standardisation of both core products and customer-specific features, leading not only to improved quality, but also greater cost efficiency and more efficient supply chain management.

IATF 16949:2016 is one of the automotive industry’s most widely used international standards for quality management. All of the Group’s facilities that ship products to OEMs are regularly certified according to the International Automotive Task Force (IATF) standards.

**Environmental and Safety Regulations**

For information on how environmental and safety regulations impact the Group's business, see “*Risk Factors – The Group's business may be adversely affected by laws or regulations, including environmental, occupational health and safety or other governmental regulations*” and “*Risk Factors - The Group’s business may be adversely affected by changes in automotive safety regulations or concerns that drive further regulation of the automobile safety market”*.

**Raw Materials**

Approximately 50% of the Group's sales comes from direct material purchased from external suppliers. The Group mainly purchases manufactured components and raw materials for the Group’s operations. The Group takes several actions to mitigate raw material fluctuations, such as competitive sourcing and looking for alternative materials.

For information on the sources and availability of raw materials, see “*Risk Factors – Changes in the source, cost, availability of and regulations pertaining to raw materials and components may adversely affect the Group's profit margins*”.

**Intellectual Property**

The Group has developed a considerable amount of proprietary technology related to automotive safety systems and relies on many patents to protect such technology. The Group's intellectual property plays an important role in maintaining its competitive position in a number of the markets it serves. For information on the Group's use of intellectual property and its importance to the Group, see “*Risk Factors – If the Group's patents are declared invalid or the Group's technology infringes on the proprietary rights of others, the Group's ability to compete may be impaired*”.

**Backlog**

The Group has frame contracts with automobile manufacturers and such contracts are typically entered into up to three years before the start of production of the relevant car model or platform and provide for a term covering the life of such car model or platform including service parts after a vehicle model is no longer produced. However, typically these contracts do not provide minimum quantities, firm prices or exclusivity but instead permit the automobile manufacturer to resource the relevant products at given intervals (or at any time) from other suppliers.

**Dependence on Customers**

In 2020, the Group's top five customers represented around 53% of the Group’s annual sales and the Group’s top ten customers represented around 81% of the Group’s annual sales. This reflects the concentration of manufacturers in the automotive industry. The five largest OEMs in 2020 accounted for 51% of global LVP and the ten largest OEMs accounted for around 75% of global LVP. A delivery contract is typically for the lifetime of a vehicle model, which is normally between five and seven years depending on customer platform sourcing preferences and strategies.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Customer** |  | **% of the Group**  **Sales** | |  |  | **% of Global**  **LVP1)** | |  |
| Renault/Nissan/Mitsubishi |  |  | 13 | % |  |  | 10 | % |
| VW |  |  | 11 | % |  |  | 12 | % |
| Stellantis |  |  | 11 | % |  |  | 8 | % |
| Honda |  |  | 10 | % |  |  | 6 | % |
| Hyundai/Kia |  |  | 8 | % |  |  | 9 | % |
| Toyota |  |  | 8 | % |  |  | 13 | % |
| Ford |  |  | 7 | % |  |  | 5 | % |
| General Motors |  |  | 6 | % |  |  | 6 | % |
| BMW |  |  | 4 | % |  |  | 3 | % |
| Daimler |  |  | 4 | % |  |  | 3 | % |

|  |  |
| --- | --- |
| 1) | Source: IHS Markit |

**Customer Sales Trends**

Asian vehicle producers have steadily become increasingly more important to the Group and now represent around 47% of the Group’s global sales compared to 40% five years ago. The largest increase comes from Japanese OEMs that represented 26% five years ago, but now accounts for 34% of the Group’s global sales in 2020. This is a result of the Group's stronger market position based on its local presence in Japan. European based brands accounted for 31% of global sales in 2020. The U.S. based OEMs (including Tesla and Chrysler) accounted for 21% of the Group's global sales. The local Chinese OEMs as a group accounted for around 4% of the Group’s global sales in 2020, with Great Wall representing 2%. The fastest growing customer from 2019 to 2020 was Tesla, followed by General Motors.

For information on the Group's dependence on customers, see “*Risk Factors – The Group's business could be materially and adversely affected if the Group lost any of its largest customers or if they were unable to pay their invoices*” and Note 21 of the 2020 Consolidated Financial Statements.

*Research, Development and Engineering, net (R,D&E)*

No single customer project accounted for more than 5.5% of the Group’s total R,D&E net spending during 2020. To fuel the Group’s product portfolio, additional expertise is brought in-house via technology partnerships and licensing agreements.

During 2020, gross expenditures for Research, Development and Application Engineering (R,D&E) amounted to US$557 million compared to US$605 million in 2019. Of these amounts, US$181 million in 2020 and US$199 million in 2009 were related to customer-funded engineering projects and crash tests. Net of this income, R,D&E expenditures decreased in 2020 compared to 2019 by 7.4% to US$375 million. Of the R,D&E, net expense in 2020, 82% was for projects and programmes for which the Group has customer orders, typically related to vehicle models in development. The remaining 18% was not only for completely new innovations but also for improvements of existing products, standardization and cost reduction projects that will yield greater benefits over time.

*Regulatory Costs*

The fitting of seatbelts in most types of motor vehicles is mandatory in almost all countries and many countries have strict laws regarding the use of seatbelts while in vehicles. In addition, most developed countries require that seats

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in intercity buses and commercial vehicles be fitted with seatbelts. In the U.S, federal legislation requires frontal airbags on the driver-side and the passenger-side of all new passenger cars since 1998 and in all sport utility vehicles, pickup trucks, and vans since 1999.

For information concerning the material effects on the Group's business relating to the Group's compliance with government safety regulations, see “*Risk Factors – ‘The Group's business may be adversely affected by laws or regulations, including environmental, occupational health and safety or other governmental regulations’ and ‘The Group's business may be adversely affected by changes in automotive safety regulations or concerns that drive further regulation of the automobile safety market*’” and Item 7 of the Issuer’s Annual Report on Form 10-K.

*Human Resources*

The successful execution of the Group’s strategies relies on the Group’s ability to shape a quality and performance oriented culture, and to adapt quickly to sudden shifts in the Group’s circumstances, as illustrated by the COVID-19 crisis. A turbulent external environment presents many challenges but also opportunities. As the Group moves forward, the Group strives to respond with agility to new possibilities to grow and improve the Group’s business whilst delivering with excellence to the Group’s customers. The Group works together to provide lifesaving solutions for mobility and society, and the Group continues to grow its team. For additional information, see the Group’s Sustainability Report 2021 available at the Group’s corporate website at www.autoliv.com.

*Development of the Group’s Employees*

The Group offers a collaborative work environment where the Group tackles challenges and achieve great things together. Supporting the development of the Group’s employees is essential in a highly competitive and rapidly changing environment. An important cornerstone of each employee’s growth is the ongoing dialogue between the team member and manager, which is summarized during an annual Performance and Development Dialogue (“**PDD**”). During 2020, 99% of targeted employees conducted a PDD with their managers. To provide opportunities for professional and personal growth of the Group’s employees, the Group has a multitude of development channels, including technical and specialist career paths, international assignments and other such programs. The Group promotes continuous development on the job every day, and more than 1,500 employees attended at least one training program this year, despite restrictions related to COVID-19.

*Health and Safety*

The Group is committed to providing a work environment that promotes the health, safety and welfare of the Group’s employees. Each of the Group’s facility implements the Group’s health and safety management system, which is supported by leadership teams. The implementation of the system is monitored through internal and external audits. During 2020 the Group’s main focus has been the health and safety of the Group’s employees during the Covid-19 pandemic.

*Diversity*

The Group values diversity and different backgrounds and experiences among the Group’s employees. The Group’s workforce reflects the diversity of the countries and cultures in which the Groups operates. At the end of 2020, 47% of the Group’s workforce and 22% of the Group’s senior management positions were filled by women.

The Group has operations in 27 different countries, with 28% of the Group’s workforce located in Asia, 32% in the Americas and 40% in Europe (including Africa, Russia and Turkey).

*Labour Rights*

The Group offers fair terms and conditions of employment. The Group’s values, Code of Conduct, talent development strategies and employment policies support the principles in the United Nations Universal Declaration of Human Rights, and the International Labor Organization’s Fundamental Principles and Labor Standards.

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The Group's management considers its relationship with its personnel to be good. While there have been a small number of minor labour disputes during the year, such disputes have not had a significant or lasting impact on the Group's relationship with its employees, customer perception of the Group's employee practices or its business results.

Major unions to which some of the Group’s employees belong in Europe include: IG Metall in Germany; Unite the union in the United Kingdom; Confédération Générale des Travailleurs, Confédération Française Démocratique du Travail, Confédération Française de l’Encadrement Confédération Générale des cadres, Force Ouvrière, Confédération Française des Travailleurs Chrétiens, Solidaires, Unitaires, Démocratiques and Conféderation Autonome du Travail in France; Union General de Trabajadores, Union Sindical Obrera, Comisiones Obereras and Confederacion General de Trabajadores in Spain; IF Metall, Unionen, Sveriges Ingenjörer and Ledarna in Sweden; Industriaal- ja Metallitöötajate Ametiühingute Liit in Estonia; Vasas Szakszervezeti Szövetség (Hungarian Metallworkers‘ Federation) in Hungary; Samorządny NiezaleĪny Związek Zawodowy Pracowników and Zakáadowa Organizacja Związkowa NSZZ SolidarnoĞü in Poland; Union Générale des Travailleurs Tunisiens and Union des travailleurs Tunisiens in Tunisia and Türk Metal Sendikasi in Turkey.

In addition, the Group’s employees in other regions are represented by the following unions: Unifor in Canada; Sindicato de Jornaleros y Obreros Industriales y de la Industria Maquiladora de H.Matamoros, Tamaulipas; Sindicato Nacional de Trabajadores de la Industria Metalúrgica y Similares; Sindicato Industrial de Trabajadores de la Pequeña y Mediana Industria, Talleres, Maquiladoras, Negociaciones Mercantiles y Comercios, Similares, Anexos y Conexos del Estado de Querétaro; “Nueva Cultura Laboral” “de trabajadores de la fabricación, manufactura, ensamble de autopartes mecánicas y eléctricas y componentes de la industria Automotriz” in Mexico; Sindicato dos Metalúrgicos de Taubaté e Região in Brazil; Autoliv India Employees Association, Bangalore in India; the Korean Metal Workers Union in Korea; Autoliv Japan Roudou Kumiai in Japan and Federasi Perjuangan Buruh Indonesia in Indonesia.

In many European countries, Canada, Mexico, Brazil and Korea, wages, salaries and general working conditions are negotiated with local unions and/or are subject to centrally negotiated collective bargaining agreements. The terms of the Group's various agreements with unions typically range between 1-3 years. Some of the Group subsidiaries in Europe, Canada, Mexico, Brazil and Korea must negotiate with the applicable local unions with respect to important changes in operations, working and employment conditions. Twice a year, members of the Group’s management conduct a meeting with the European Works Council to provide employee representatives with important information about the Group and a forum for the exchange of ideas and opinions.

In many Asia Pacific countries, the central or regional governments provide guidance each year for salary adjustments or statutory minimum wage for workers.

The Group’s employees may join associations in accordance with local legislation and rules, although the level of unionisation varies significantly throughout the Group's operations.

*Well-Balanced Workforce*

The table below shows the Group’s well-balanced workforce by age group and gender in % at the end of 2020.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
| % Men |  | Age Group |  | % Women |
| 3% |  | >60 |  | 1% |
| 5% |  | 51-60 |  | 4% |
| 9% |  | 41-50 |  | 10% |
| 16% |  | 31-40 |  | 15% |
| 18% |  | 21-30 |  | 15% |
| 2% |  | <20 |  | 2% |

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As of 31 December 2019, the Group had approximately 59,000 employees and approximately 6,000 temporary personnel for a total of 68,000 personnel.

*Key Performance Indicators (KPI)*

The table below reflects certain KPIs on which the Group is particularly focused on with respect to the management of its workforce.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **KPI** |  | **2020** | |  |  | **2019** | |  |
| % of the Group’s facilities certified (OHSAS 18001 or ISO 45001) |  |  | 15 |  |  |  | 12 |  |
| Incident rate  (Number of reportable injuries per 200,000 employee hours of exposure) |  |  | 0.48 |  |  |  | 0.57 |  |
| Severity rate  (Total days away from work due to a work-related reportable injury and/or illness per 200,000 employee hours of exposure) |  |  | 4.26 |  |  |  | 5.82 |  |
| Zero injuries facilities  (Number of facilities with zero injuries) |  |  | 34 |  |  |  | 29 |  |
| % women in workforce |  |  | 47 |  |  |  | 46 |  |
| % women in senior management positions |  |  | 22 |  |  |  | 21 |  |
| % PDD rate  (Percentage of total employees participating in the Group's annual PDD) |  |  | Close to 100 |  |  |  | 99 |  |
| No. of employees attended at least one training programme  (Lower no. of employees attended training programmes during 2020 due to COVID-19 restrictions) |  |  | 1,500 |  |  |  | 4,000 |  |

**Legal Proceedings**

In the ordinary course of the Group’s business, the Group is subject to legal proceedings brought by or against the Group and the Group’s subsidiaries.

See Note 18 to the 2020 Consolidated Financial Statements for a summary of certain ongoing legal proceedings.

**Available information**

The Issuer files or furnishes with the SEC periodic reports and amendments thereto, which include annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements and other information. Such reports, amendments, proxy statements and other information are made available free of charge on the Issuer's corporate website at www.autoliv.com and are available as soon as reasonably practicable after they are electronically filed with the SEC. The Issuer's Corporate Governance Guidelines, committee charters, code of conduct and other documents governing the Issuer are also available on the Issuer's corporate website at www.autoliv.com. The SEC

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maintains an internet site that contains reports, proxy statements and other information at www.sec.gov. Hard copies of the above-mentioned documents can be obtained free of charge from the Issuer by contacting the Issuer at: Autoliv, Inc., P.O. Box 70381, SE-107 24, Stockholm, Sweden.

**The Issuer’s Board of Directors**

The Issuer has a 12 member board of directors (the “**Board**”). All the directors, except for Mr Mikael Bratt and Mr Jan Carlson, are independent directors.

Brief details of each Issuer board member as of the date of this Base Listing Particulars, including a description of their relevant outside interests and activities, is as follows:

**Mikael Bratt**, age 54, has been a director of the Issuer since September 2018 and has served as President and Chief Executive Officer of the Issuer since 29 June 2018. Mr. Bratt previously served as President, Passive Safety from May 2016 until his promotion. In September 2020, Mr. Bratt joined the board of directors of Höganäs AB, a private Swedish metal powders company. Prior to joining the Issuer, Mr. Bratt spent approximately 30 years with the Volvo Group, a Swedish multinational automotive manufacturing company, including most recently as EVP Group Trucks Operations, part of the group executive management team since 2008, in which role he managed a team of 35,000 people, 50 factories, 60 distribution centers and an annual turnover of approximately US$18 billion. Prior to this, he served as Chief Financial Officer of the Volvo Group. Mr. Bratt studied business administration at the University of Gothenburg, Sweden.

**Laurie Brlas**, 63, joined the Issuer’s Board on August 1, 2020. In December 2016, Ms. Brlas retired from Newmont Mining Corporation (“**Newmont**”), a mining industry leader in value creation and sustainability. Ms. Brlas joined Newmont in 2013 and served as Executive Vice President and Chief Financial Officer until October 2016. From 2006 through 2013, Ms. Brlas held various positions of increasing responsibility with Cliffs Natural Resources, most recently she served as Chief Financial Officer and then as Executive Vice President and President, Global Operations. Prior to that, Ms. Brlas served as Senior Vice President and Chief Financial Officer of STERIS Corporation from 2000 through 2006 and from 1995 through 2000, Ms. Brlas held various positions of increasing responsibility with Office Max, Inc. Most recently Ms. Brlas served as Senior Vice President and Corporate Controller. Ms. Brlas currently serves on the Board of Directors of Albemarle Corporation, a specialty chemical company, Exelon Corporation, a Fortune 100 power company, and Graphic Packaging Holding Company, a global packaging solutions company. In the prior five years, Ms. Brlas previously served on the Board of Directors of Perrigo Company PLC, a global healthcare company, from 2003 until May 2019 and Calpine Corp., an energy company, from 2016 until 2018.

**Jan Carlson**, age 60, has been a director of the Issuer since May 2007 following his appointment as President and Chief Executive Officer of the Issuer on April 1, 2007 after serving in various executive positions with the Issuer beginning in 1999. He has been Chairman of the Board since May 2014. Mr. Carlson served as President and Chief Executive Officer until resigning upon the completion of the spin-off of Veoneer from the Issuer on 29 June 2018, at which time he became President and Chief Executive of Veoneer. Since the completion of the spin-off, Mr. Carlson has also served as Chairman of the Board of Directors of Veoneer. Mr. Carlson has served as a member of the Board of Telefonaktiebolaget LM Ericsson since February 2017. Mr. Carlson served on the board of directors of BorgWarner Inc., a product leader in highly engineered components and systems for vehicle powertrain applications worldwide, from July 2010 until May 2020. In addition, Mr. Carlson served on the board of Trelleborg AB from 2013 through 2017. Prior to joining the Issuer, Mr. Carlson was President of Saab Combitech, a division within the Saab aircraft group specialising in commercialising military technologies. Mr. Carlson has a Master of Science degree in Physics and Electrical Engineering from the University of Linköping in Sweden.

**Hasse Johansson**, age 71, has been a director of the Issuer since March 2018 and is a member of the Audit Committee and Nominating and Corporate Governance Committee. Since 2010, Mr. Johansson has been managing director of Johansson Teknik & Form AB, a technology consulting company which he founded. From 2001 to 2009, Mr. Johansson was the Executive Vice President of Research & Development at Scania, a major automotive industry manufacturer of heavy trucks, buses, and other commercial vehicles. Prior to his time at Scania, Mr. Johansson

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worked for nearly 20 years at Mecel AB, an automotive software and systems development company he co-founded and in 1994 became a wholly-owned subsidiary of Delphi Corporation. Mr. Johansson currently serves as a member of the boards of directors of DevPort AB and Swedish Electromagnet Investment AB, which arebothSwedish public companies. Mr. Johansson previously served as a member of the boards of directors ofElectrolux AB (2008- April 2020)and PowerCell AB (2018- April 2020). Additionally, Mr. Johansson is a member of the Business Executives Council of the Royal Swedish Academy of Engineering Sciences. Mr. Johanssonholds a Master of Science in Electrical Engineering from Chalmers Universityof Technology in Gothenburg, Swedenand holds more than 20 patents in combustion engine control and automotive electronics.The Board believes Mr. Johansson’s prolific technical background in automotive and other industries, combinedwith his extensive board experience, support his re-election to the Board.

**Leif Johansson**, age 69, has been a director of the Issuer since February 2016, and is a member of the Leadership Development and Compensation Committee and Chair of the Nominating and Corporate Governance Committee. From 1997 to 2011, Mr. Johansson served as President and Chief Executive Officer of The Volvo Group. Before joining Volvo, Mr. Johansson held various positions at AB Electrolux, and served as its President and Chief Executive Officer from 1994 to 1997. Mr. Johansson is the Chairman of the Board of Astra Zeneca PLC, a position he has held since June 2012, and he previously served as Chairman of the Board of Telefonaktiebolaget LM Ericsson between 2011 and March 2018 and on the Board of SCA AB, a Swedish public company from 2010-2016. In addition to his service on public company boards, Mr. Johansson is a board member of Ecolean AB (a private corporation), a member of the Royal Swedish Academy of Engineering Science, a board member of the European Round Table of Industrialists, a Delegate of the China Development Forum, and a member of the Council of Advisors of the Boao Forum for Asia. Mr. Johansson holds a Master of Science in Engineering from Chalmers University of Technology in Gothenburg, Sweden.

**David E. Kepler**, age 68, has been a director of the Issuer since February 2015 and is a member of the Audit Committee and Chairman of the Risk and Compliance Committee. Mr. Kepler was an Executive Vice President of the Dow Chemical Company, a multinational chemical, performance materials, and plastics company, from March 2008 through January 2015, and held the roles of Chief Sustainability Officer and Chief Information Officer. Mr. Kepler joined Dow in 1975 and was appointed its Vice President and CIO in 1998, Corporate Vice President in 2001, assumed responsibility for Business Services in 2004, and was appointed Executive Vice President in 2008. He has also been a member of the boards of directors of TD Bank Group since December 2013 and Teradata Corporation since November 2007. Mr. Kepler graduated from the University of California, Berkeley with a bachelor’s degree in Chemical Engineering, and serves as a trustee of the University.

**Franz-Josef Kortüm**, age 70, has been a director of the Issuer since March 2014 and is a member of the Nominating and Corporate Governance Committee and the Risk and Compliance Committee. Prior to joining the Issuer, Mr. Kortüm was Chief Executive Officer of Webasto SE, a producer of automobile roof systems and climate control systems for automobiles, boats and other vehicles, from 1998 to 2012, after joining the company in 1994. Mr. Kortüm was Chief Executive Officer of Audi AG from 1993 to 1994 and, prior to joining Audi, had a 16-year career with what is today Daimler AG in a variety of positions. In addition to his extensive management experience, Mr. Kortüm served as Vice Chairman of the Supervisory Board of Webasto SE since 2013 and as its Chairman since 2018 until August 2020, as a Member of the Advisory Board of Brose Fahrzeugteile GmbH & Co. KG since 2005 and as its Chairman since 2013, as a Member of the Supervisory Board of Wacker Chemie, a German public company, and Chair of its Audit Committee since 2003, and as a Member of the Supervisory Board of Schaeffler AG from 2010 to March 2014. From 2004 to 2012, Mr. Kortüm was a Member of the Managing Board of the VDA (German Association of the Automotive Industry). Mr. Kortüm has an MBA-equivalent degree in Business Administration from the University of Regensburg in Germany.

**Frédéric Lissalde**, age 53, has been a director of the Issuer since December 2020 and is a member of the Leadership Development and Compensation Committee. Mr. Lissalde is President, Chief Executive Officer, and a member of the board of directors of BorgWarner Inc. since August 2018. Mr. Lissalde has held positions of increasingly significant responsibility during his career with BorgWarner since he joined in 1999. He previously served as

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Executive Vice President and Chief Operating Officer and before that, President and General Manager of BorgWarner Turbo Systems. Prior to joining BorgWarner, Mr. Lissalde held positions at Valeo and ZF in several functional areas in the United Kingdom, Japan, and France. Mr. Lissalde holds a Masters of Engineering degree from ENSAM - Ecole Nationale Supérieure des Arts et Métiers - Paris, and an MBA from HEC Paris. He is also a graduate of executive courses at INSEAD, Harvard, and MIT.

**Min Liu**, age 41,has been a director of the Issuer since May 2020 and is a member of the Audit Committee and the Leadership Development and Compensation Committee. Ms. Liu is a Vice President of Cevian Capital AG, an affiliate of Cevian Capital II GP Limited (“**Cevian**”) and has been nominated to the Board pursuant to the Cooperation Agreement between Cevian and the Company. Since September 2015, Ms. Liu has been responsible for fundamental research on a variety of European companies in her role at Cevian. Prior to this role, Ms. Liu held several positions of increasing responsibility with The Boston Consulting Group, a global management consulting firm, in Germany between September 2004 and July 2015. Last serving as Principal, she led multiple projects in a broad set of industries, including the automotive sector. Ms. Liu has an MBA from Stanford University in addition to bachelor’s and master’s degrees in business information technology from Goettingen University. Because of Ms. Liu’s relationship with Cevian, Cevian may be deemed to be an affiliate of the Company.

**Xiaozhi Liu**, age 65, has been a director of the Issuer since November 2011 and is a member of the Leadership Development and Compensation Committee and the Risk and Compliance Committee. In April 2019, Dr. Liu joined the boards of directors of Anheuser-Busch InBev SA/NV and Johnson Matthey PLC. She previously served as an independent director of Fuyao Glass Industry Group, a public company listed in Shanghai and Hong Kong, from October 2013 until October 2020. Dr. Liu began her career in the automotive industry in General Motor’s (“GM”) Delphi operations and has since worked in various executive positions in Germany, China and the U.S., where she rose to the position of Director of Electronics, Controls & Software for GM in Detroit, Chief Engineer and Chief Technology Officer of GM in China and Chairman and Chief Executive Officer of GM Taiwan. Between 2005 and 2006, she was the Chief Executive Officer and Vice Chairman of Fuyao Glass Industry Group Co. Ltd. In 2007, she became the President and Chief Executive Officer of NeoTek China, a supplier of automotive chassis and transmission parts, and served as Chairman of the company’s board of directors from 2008 through 2011. In 2009, she founded, and is the Chief Executive Officer of, her own company, ASL Automobile Science & Technology (Shanghai) Co., Ltd., which introduces and implements globally advanced technologies to Chinese companies. She has a Ph.D. and master’s degree in Chemical Engineering and Electrical Engineering, respectively, from Friedrich-Alexander University in Erlangen-Nuremburg, Germany and a bachelor’s degree in Electrical Engineering from the Jiaotong University in Xian, China.

**James M. Ringler**, age 75, has been a director of the Issuer since January 2002 and is the Chairman of the Leadership Development and Compensation Committee and a member of the Nominating and Corporate Governance Committee. Mr. Ringler has also been the Lead Independent Director since May 2017. He was, prior to his retirement, Vice Chairman of Illinois Tool Works Inc. between 1999 and 2004. Prior to joining Illinois Tool Works, Mr. Ringler was Chairman, President and Chief Executive Officer of Premark International, Inc., which merged with Illinois Tool Works in 1999. He serves on the Boards of Directors of the following public companies: Veoneer (since June 2018), TechnipFMC plc (since January 2017), JBT Corporation (since June 2008), and Teradata Corporation (since September 2007; was chairman from 2007 until January 2019). Mr. Ringler previously served on the Board of Directors of DowDuPont Inc. from 2001 until his retirement in March 2019. He is also a member of the board of directors of Reynolds Metals Company, a private company. Mr. Ringler holds a Bachelor of Science degree in Business Administration and an M.B.A. degree in Finance from the State University of New York.

**Thaddeus J. “Ted” Senko**, age 65, has been a director of the Issuer since March 2018 and is the Chair of the Audit Committee and a member of the Nominating and Corporate Governance Committee. Prior to joining the Issuer's Board of Directors, Mr. Senko had an extensive career at KPMG LLP, a multinational professional services and accounting firm, from 1978 to 2017, providing enterprise risk management, compliance, and audit services to various public companies. At KPMG, he served as Audit Partner and SEC Reviewing Partner for eight years, Chief Audit Executive for four years, Global and National Partner in Charge of Internal Audit, Risk & Compliance Services for

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eight years, Global Engagement Partner and Client Services Partner for seven years, and was the initial leader of KPMG’s ESGpractice for two years. Mr. Senko joined the board of directors of Lightning eMotors Inc. in January 2021 andserves on the Audit Committee. Lightning eMotors Inc. is currently a private company but is expected to becomea US public company in 2021. Mr. Senko served on the Board of Duquesne University, a private university with approximately 10,000 students, from 2007 to 2016, chairing the Audit and Finance Committee and serving on the Executive and University Advancement Committee. Mr. Senko continues to serve on the university’s Business Advisory Council. Mr. Senko received a bachelor’s degree in business administration from Duquesne University.

The business address of each director is Klarabergsviadukten 70, Section B7, 7th Floor, Box 70381, SE-111 64, Stockholm, Sweden.

As previously disclosed, the Issuer completed the Spin-Off on 30 June 2018. Mr. Jan Carlson, the Issuer’s Chairman of the Board of Directors, also serves as the President, Chief Executive, and Chairman of Veoneer. Mr. James M. Ringler, the Issuer’s Lead Independent Director and Chair of the Board’s Leadership Development and Compensation Committee, also serves as a Board of Directors member and the Lead Independent Director of Veoneer. To the extent there is a dispute between any member of the Group and Veoneer, there is a potential conflict of interest between Messrs. Carlson’s and Ringler’s duties to the Issuer and their individual duties to, and private interests in, Veoneer.

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**TAXATION**

The statements below are general in nature and neither these statements nor any other statements in this Base Listing Particulars are to be regarded as advice on the tax position of any holder of the Notes or any person purchasing, selling or otherwise dealing in Notes. Prospective holders of the Notes and holders of the Notes who are in doubt about their tax position should consult their own professional advisers.

**United States**

**U.S. Federal Income Taxation**

The Issuer generally intends to treat Notes issued under the Programme as debt for U.S. federal income tax purposes. Certain Notes, however, such as certain Index Linked Notes or Notes with extremely long maturities, may be treated as equity for U.S. federal income tax purposes. The following disclosure applies only to Notes that are treated as debt for U.S. federal income tax purposes.

**U.S. Holders**

The following is a summary of certain U.S. federal income tax considerations relevant to U.S. Holders (as defined below) acquiring, holding and disposing of Notes. This summary addresses only the U.S. federal income tax considerations for initial purchasers of Notes at their issue price (as defined below) that will hold the Notes as capital assets (generally, property held for investment). This summary is based on the U.S. Internal Revenue Code of 1986 (the “Code”), final, temporary and proposed U.S. Treasury regulations, and administrative and judicial interpretations in effect as of the date of this Base Listing Particulars, all of which are subject to change, possibly with retroactive effect.

As used herein, the term “U.S. Holder” means a beneficial owner of a Note that is for U.S. federal income tax purposes:

|  |  |  |
| --- | --- | --- |
|  | • | a citizen or individual resident of the United States; |
|  | • | a corporation created or organised in or under the laws of the United States or of any state thereof or the District of Columbia; |
|  | • | an estate the income of which is subject to U.S. federal income taxation regardless of its source; or |
|  | • | a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust. |

If an entity that is classified as a partnership for U.S. federal income tax purposes holds Notes, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and upon the activities of the partnership. Partners of partnerships holding Notes should consult with their tax advisers regarding the U.S. federal tax consequences of an investment in the Notes.

This summary does not address the material U.S. federal income tax consequences of every type of Note which may be issued under the Programme, such as Notes that are treated as equity for U.S. federal income tax purposes. This summary does not discuss all aspects of U.S. federal income taxation that may be relevant to investors in light of their particular circumstances, such as investors subject to special tax rules (including, without limitation: (i) financial institutions; (ii) insurance companies; (iii) dealers or traders in stocks, securities, currencies or notional principal contracts; (iv) regulated investment companies; (v) real estate investment trusts; (vi) tax-exempt organisations; (vii) partnerships, pass-through entities or persons that hold Notes through pass- through entities; (viii) investors that hold Notes as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for U.S. federal income tax purposes; (ix) investors that have a functional currency other than the U.S. dollar; and (x) U.S. expatriates and former long-term residents of the United States), all of whom may be subject to tax rules that differ significantly from those summarised below. This summary does not address U.S. federal estate, gift, net investment or alternative minimum tax considerations, or non-U.S., state or local tax considerations.

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Persons considering the purchase of the Notes should consult the relevant Pricing Supplement for any additional discussion regarding U.S. federal income taxation and should consult their tax advisers with regard to the application of the U.S. federal income tax laws to their particular situations as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

*Payments of Interest*

*General.* Interest on a Note, including the payment of any additional amounts (whether payable in U.S. dollars or a currency, composite currency or basket of currencies other than U.S. dollars (a “**foreign currency**”)), other than interest on a “Discount Note” that is not “qualified stated interest” (each as defined below under “*Original Issue Discount – General*”), will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, in accordance with the U.S. Holder’s regular method of accounting for tax purposes. Interest paid on the Notes issued under the Programme and OID (as defined below), if any, accrued with respect to such Notes (as described below under “*Original Issue Discount*”) and payments of any additional amounts will generally constitute income from sources within the United States.

*Foreign Currency Denominated Interest*. If a qualified stated interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognised by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

An accrual basis U.S. Holder may determine the amount of income recognised with respect to an interest payment denominated in, or determined by reference to, a foreign currency in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, with respect to an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year).

Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year. Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period or taxable year, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder and will be irrevocable without the consent of the IRS.

Upon receipt of the interest payment (including a payment attributable to accrued but unpaid interest upon the sale or other disposition of a Note) denominated in, or determined by reference to, a foreign currency, the U.S. Holder will recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference, if any, between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

*Original Issue Discount*

*General.* The following is a summary of the principal U.S. federal income tax consequences of the ownership of Notes issued with original issue discount (“**OID**”).

A Note, other than a Note with a term of one year or less (a “**Short-Term Note**”), will be treated as issued with OID (a “**Discount Note**”) if the excess of the Note’s “stated redemption price at maturity” over its issue price is greater than or equal to a de minimis amount (0.25% of the Note’s stated redemption price at maturity multiplied by the number of complete years to its maturity). An obligation that provides for the payment of amounts other than qualified stated interest before maturity (an “**instalment obligation**”) will be treated as a Discount Note if the excess of the Note’s stated redemption price at maturity over its issue price is equal to or greater than 0.25% of the Note’s stated redemption price at maturity multiplied by the weighted average maturity of the Note. A Note’s weighted

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average maturity is the sum of the following amounts determined for each payment on a Note (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by; (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Note’s stated redemption price at maturity. Generally, the “issue price” of a Note will be the first price at which a substantial amount of such Notes included in the issue of which the Note is a part is sold to persons other than bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers. The “stated redemption price at maturity” of a Note is the total of all payments provided by the Note that are not payments of “qualified stated interest”. A “qualified stated interest” payment is generally any one of a series of stated interest payments on a Note that are unconditionally payable at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods) or a variable rate (in the circumstances described below under “Original Issue Discount – Variable Interest Rate Notes”), applied to the outstanding principal amount of the Note. Solely for the purpose of determining whether a Note has OID, the Issuer will be deemed to exercise any call option that has the effect of decreasing the yield on the Note, and the U.S. Holder will be deemed to exercise any put option that has the effect of increasing the yield on the Note. If a Note has de minimis OID, a U.S. Holder must include the de minimis amount in income as stated principal payments are made on the Note, unless the holder makes the election described below under “Original Issue Discount – Election to Treat All Interest as Original Issue Discount”. A U.S. Holder can determine the includible amount with respect to each such payment by multiplying the total amount of the Note’s de minimis OID by a fraction equal to the amount of the principal payment made divided by the stated principal amount of the Note.

U.S. Holders holding Discount Notes must generally include OID in income calculated on a constant-yield method before the receipt of cash attributable to the income and will generally have to include in income increasingly greater amounts of OID over the life of the Discount Notes. The amount of OID includible in income by a U.S. Holder with respect to a Discount Note is the sum of the daily portions of OID with respect to the Discount Note for each day during the taxable year or portion of the taxable year on which the U.S. Holder holds the Discount Note (“**accrued OID**”). The daily portion is determined by allocating to each day in any “accrual period” a pro rata portion of the OID allocable to that accrual period. Accrual periods with respect to a Discount Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Discount Note as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Discount Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Note’s adjusted issue price at the beginning of the accrual period and the Discount Note’s yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the Discount Note allocable to the accrual period. The “adjusted issue price” of a Discount Note at the beginning of any accrual period is the issue price of the Note increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Note that were not qualified stated interest payments.

*Acquisition Premium.* A U.S. Holder that purchases a Discount Note for an amount less than or equal to the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, but in excess of its adjusted issue price (any such excess being “acquisition premium”) and that does not make the election described below under “Original Issue Discount – Election to Treat All Interest as Original Issue Discount”, is permitted to reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder’s adjusted basis in the Note immediately after its purchase over the Note’s adjusted issue price and the denominator of which is the excess of the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, over the Note’s adjusted issue price.

*Market Discount.* A Note, other than a Short-Term Note, will generally be treated as purchased at a market discount (a “**Market Discount Note**”) if the Note’s stated redemption price at maturity or, in the case of a Discount Note, the Note’s “revised issue price” exceeds the amount for which the U.S. Holder purchased the Note by at least 0.25% of the Note’s stated redemption price at maturity or revised issue price, respectively, multiplied by the number of

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complete years to the Note’s maturity (or, in the case of a Note that is an instalment obligation, the Note’s weighted average maturity). If this excess is not sufficient to cause the Note to be a Market Discount Note, then the excess constitutes“de minimis market discount”and such Note is not subject to the rules discussed in the following paragraphs. For this purpose, the“revised issue price”of a Note generally equals its issue price, increased by the amount of any OID that has accrued on the Note and decreased by the amount of any payments previously made on the Note that were not qualified stated interest payments.

Any gain recognised on the maturity or disposition of a Market Discount Note (including any payment on a Note that is not qualified stated interest) will be treated as ordinary income to the extent that the gain does not exceed the accrued market discount on the Note. Alternatively, a U.S. Holder holding a Market Discount Note may elect to include market discount in income currently over the life of the Note. This election shall apply to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which the election applies. This election may not be revoked without the consent of the IRS. A U.S. Holder holding a Market Discount Note that does not elect to include market discount in income currently will generally be required to defer deductions for interest on borrowings incurred to purchase or carry a Market Discount Note that is in excess of the interest and OID on the Note includible in the U.S. Holder’s income, to the extent that this excess interest expense does not exceed the portion of the market discount allocable to the days on which the Market Discount Note was held by the U.S. Holder. Market discount will accrue on a straight-line basis unless the U.S. Holder elects to accrue the market discount on a constant-yield method. This election applies only to the Note with respect to which it is made and is irrevocable.

*Election to Treat All Interest as Original Issue Discount.* A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant-yield method described above under “Original Issue Discount – General” with certain modifications. For purposes of this election, interest includes stated interest, OID, de minimis OID, market discount, de minimis market discount, as adjusted by any amortisable bond premium (described below under “Notes Purchased at a Premium”) or acquisition premium. If a U.S. Holder makes this election for a Note, then, when the constant-yield method is applied, the issue price of the Note will equal its cost, the issue date of the Note will be the date of acquisition, and no payments on the Note will be treated as payments of qualified stated interest. This election will generally apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. However, if the Note has amortisable bond premium, the U.S. Holder will be deemed to have made an election to apply amortisable bond premium against interest for all debt instruments with amortisable bond premium, other than debt instruments the interest on which is excludible from gross income, held as of the beginning of the taxable year to which the election applies or any taxable year thereafter. If the election to apply the constant-yield method to all interest on a Note is made with respect to a Market Discount Note, the electing U.S. Holder will be treated as having made the election discussed above under “Original Issue Discount – Market Discount” to include market discount in income currently over the life of all debt instruments with market discount held or thereafter acquired by the U.S. Holder.

*Variable Interest Rate Notes*. Notes that provide for interest at variable rates (“Variable Interest Rate Notes”) will generally bear interest at a “qualified floating rate” and thus will be treated as “variable rate debt instruments” under U.S. Treasury regulations governing accrual of OID. A Variable Interest Rate Note will qualify as a “variable rate debt instrument” if: (a) its issue price does not exceed the total non-contingent principal payments due under the Variable Interest Rate Note by more than a specified *de minimis* amount; and (b) it provides for stated interest, paid or compounded at least annually, at: (i) one or more qualified floating rates; (ii) a single fixed rate and one or more qualified floating rates; (iii) a single objective rate; or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate.

A “**qualified floating rate**” is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Interest Rate Note is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed

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rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Interest Rate Note (*e.g.*, two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable Interest Rate Note’s issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (*i.e.*, a cap) or a minimum numerical limitation (*i.e.*, a floor) may, under certain circumstances, fail to be treated as a qualified floating rate unless the cap or floor is fixed throughout the term of the Note.

An “objective rate” is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based on objective financial or economic information (*e.g.*, one or more qualified floating rates or the yield of actively traded personal property). Other variable interest rates may be treated as objective rates if so designated by the U.S. Internal Revenue Service (the “**IRS**”) in the future. Despite the foregoing, a variable rate of interest on a Variable Interest Rate Note will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Variable Interest Rate Note’s term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Variable Interest Rate Note’s term. A “qualified inverse floating rate” is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Variable Interest Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Variable Interest Rate Note’s issue date is intended to approximate the fixed rate (*e.g.*, the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a “current value” of that rate. A “current value” of a rate is the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

If a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a “variable rate debt instrument”, then any stated interest on the Note which is unconditionally payable in cash or property (other than debt instruments of the Issuer) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a “variable rate debt instrument” will generally not be treated as having been issued with OID unless the Variable Interest Rate Note is issued at a “true” discount (*i.e.*, at a price below the Note’s stated principal amount) in excess of a specified *de minimis* amount. OID on a Variable Interest Rate Note arising from “true” discount is allocated to an accrual period using the constant yield method described above by assuming that the variable rate is a fixed rate equal to: (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate; or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note.

In general, any other Variable Interest Rate Note that qualifies as a “variable rate debt instrument” will be converted into an “equivalent” fixed rate debt instrument for purposes of determining the amount and accrual of OID and qualified stated interest on the Variable Interest Rate Note. Such a Variable Interest Rate Note must be converted into an “equivalent” fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Interest Rate Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Variable Interest Rate Note’s issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Interest Rate Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note. In the case of a Variable Interest Rate Note that qualifies as a “variable rate debt instrument” and provides

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for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Interest Rate Note provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Variable Interest Rate Note as of the Variable Interest Rate Note’s issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Interest Rate Note is converted into an “equivalent” fixed rate debt instrument in the manner described above.

Once the Variable Interest Rate Note is converted into an “equivalent” fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the “equivalent” fixed rate debt instrument by applying the general OID rules to the “equivalent” fixed rate debt instrument and a U.S. Holder holding the Variable Interest Rate Note will account for the OID and qualified stated interest as if the U.S. Holder held the “equivalent” fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the “equivalent” fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Variable Interest Rate Note during the accrual period.

If a Variable Interest Rate Note, such as a Note the payments on which are determined by reference to an index, does not qualify as a “variable rate debt instrument”, then the Variable Interest Rate Note will be treated as a contingent payment debt obligation. In general, final regulations that govern the U.S. federal income tax treatment of contingent payment debt obligations will cause the timing and character of income, gain or loss reported on a contingent payment debt instrument to substantially differ from the timing and character of income, gain or loss reported on a conventional non-contingent payment debt instrument. More specifically, the final regulations generally require a U.S. Holder of such an instrument to include future contingent and non-contingent interest payments in income as such interest accrues based upon a projected payment schedule and comparable (*i.e.*, estimated) yield. Moreover, in general, any gain recognised by a U.S. Holder on the sale, exchange, or retirement of a contingent payment debt instrument will be treated as ordinary income and all or a portion of any loss realised could be treated as ordinary loss as opposed to capital loss (depending upon the circumstances). A U.S. Holder who holds a Note that is treated as a contingent payment debt obligation should consult with their tax advisers for additional details, and the potential application of special rules.

*Short-Term Notes*. In general, an individual or other cash basis U.S. Holder holding a Short-Term Note is not required to accrue OID (calculated as set forth below for the purposes of this paragraph) for U.S. federal income tax purposes unless it elects to do so (but may be required to include any stated interest in income as the interest is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Notes on a straight-line basis or, if the U.S. Holder so elects, under the constant-yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realised on the sale or other disposition of the Short-Term Note will be ordinary income to the extent of the OID accrued on a straight-line basis (unless an election is made to accrue the OID under the constant-yield method) through the date of sale or other disposition. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Notes will be required to defer deductions for interest on borrowings allocable to Short-Term Notes in an amount not exceeding the deferred income until the deferred income is realised.

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Note are included in the Short-Term Note’s stated redemption price at maturity. A U.S. Holder may elect to determine OID on a Short-Term Note as if the Short-Term Note had been originally issued to the U.S. Holder at the U.S. Holder’s purchase price for the Short-Term Note. This election shall apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

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*Foreign Currency Notes*. OID for any accrual period on a Discount Note that is denominated in, or determined by reference to, a foreign currencywill be determined in the foreign currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above under“*Payments of Interest*”. Upon receipt of an amount attributable to OID (whether in connection with a payment of interest or the sale or other disposition of a Note), a U.S. Holder will generally recognise exchange gain or loss, which will be ordinary gain or loss measured by the difference between the amount received (translated into U.S. dollars at the exchange rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

Market discount on a Note that is denominated in, or determined by reference to, a foreign currency will be accrued by a U.S. Holder in the foreign currency. If the U.S. Holder elects to include market discount in income currently, the accrued market discount will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder’s taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder will generally recognise U.S. source exchange gain or loss (which will be taxable as ordinary income or loss) determined in the same manner as for accrued interest or OID. A U.S. Holder that does not elect to include market discount in income currently will recognise, upon the disposition or maturity of the Note, the U.S. dollar value of the amount accrued, calculated at the spot rate in effect on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

*Notes Purchased at a Premium*

A U.S. Holder that purchases a Note for an amount in excess of its principal amount or for a Discount Note, its stated redemption price at maturity, may elect to treat the excess as “amortisable bond premium”, in which case the amount required to be included in the U.S. Holder’s income each year with respect to interest on the Note will be reduced by the amount of amortisable bond premium allocable (based on the Note’s yield to maturity) to that year. In the case of a Note that is denominated in, or determined by reference to, a foreign currency, bond premium (including acquisition premium) will be computed in units of foreign currency, and any such bond premium that is taken into account currently will reduce interest income in units of the foreign currency. On the date bond premium offsets interest income, a U.S. Holder will generally recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) measured by the difference between the spot rate in effect on that date, and on the date the Notes were acquired by the U.S. Holder. Any election to amortise bond premium shall apply to all bonds (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. See also “Original Issue Discount – Election to Treat All Interest as Original Issue Discount”. A U.S. Holder that does not elect to take bond premium (other than acquisition premium) into account currently will decrease the amount of gain or increase the amount of loss otherwise recognised on the disposition of the Note.

*Sale, Redemption, Retirement or Other Disposition of Notes*

A U.S. Holder’s adjusted tax basis in a Note will generally be its cost, increased by the amount of any OID or market discount included in the U.S. Holder’s income with respect to the Note and the amount, if any, of income attributable to de minimis OID and de minimis market discount included in the U.S. Holder’s income with respect to the Note, and reduced by: (i) the amount of any payments that are not qualified stated interest payments; and (ii) the amount of any amortisable Note premium applied to reduce interest on the Note. A U.S. Holder’s adjusted tax basis in a Note that is denominated in, or determined by reference to, a foreign currency (a “**Foreign Currency Note**”) will be determined by reference to the U.S. dollar cost of the Notes. The U.S. dollar cost of a Note purchased with a foreign currency will generally be the U.S. dollar value of the purchase price on the date of purchase or, in the case of Notes traded on an established securities market, as defined in the applicable U.S. Treasury regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase.

A U.S. Holder will generally recognise gain or loss on the sale, redemption, retirement or other disposition of a Note equal to the difference between the amount realised on the sale, redemption, retirement or other disposition and the

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U.S. Holder’s adjusted tax basis of the Note. For these purposes, the amount realised does not include any amount attributable to accrued but unpaid qualified stated interest on the Note. Amounts attributable to accrued but unpaid qualified stated interest are treated as payments of interest as described under *“—Payments of Interest.”* The amount realised on a sale or other disposition for an amount in foreign currency will be the U.S. dollar value of this amount on the date of sale, redemption, retirement or other disposition or, in the case of Notes traded on an established securities market, as defined in the applicable U.S. Treasury regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS. Except to the extent described above under *“Original Issue Discount – Market Discount”* or *“Original Issue Discount – Short-Term Notes”* or attributable to accrued but unpaid interest or changes in exchange rates, gain or loss recognised on the sale, redemption, retirement or other disposition of a Note will be capital gain or loss and will generally be treated as from U.S. sources for purposes of the U.S. foreign tax credit limitation. In the case of a U.S. Holder that is an individual, estate or trust, the maximum marginal federal income tax rate applicable to capital gains is currently lower than the maximum marginal rate applicable to ordinary income if the Notes are held for more than one year. The deductibility of capital losses is subject to significant limitations.

Gain or loss recognised by a U.S. Holder on the sale, redemption, retirement or other disposition of a Note that is attributable to changes in exchange rates will be treated as U.S. source ordinary income or loss. However, exchange gain or loss is taken into account only to the extent of total gain or loss realised on the transaction.

*Disposition of Foreign Currency*

Foreign currency received as interest on a Note or on the sale, redemption, retirement or other disposition of a Note will have a tax basis equal to its U.S. dollar value at the time the interest is received or at the time of the sale, redemption, retirement or other disposition. Foreign currency that is purchased will generally have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale, redemption, retirement or other disposition of a foreign currency (including its use to purchase Notes or an exchange for U.S. dollars) will be U.S. source ordinary income or loss.

*Backup Withholding and Information Reporting*

In general, payments of principal, interest and accrued OID on, and the proceeds of a sale, redemption, retirement or other disposition of, the Notes, payable to a U.S. Holder by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding will apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or otherwise to comply with the applicable backup withholding requirements. Certain U.S. Holders are not subject to backup withholding. Backup withholding is not an additional tax. Any amounts withheld from a payment to a U.S. Holder under the backup withholding rules will be allowed as a credit against such person’s U.S. federal income tax liability and may entitle such U.S. Holder to a refund, provided that the required information is timely furnished to the IRS.

*Disclosure Requirements*

U.S. Treasury regulations meant to require the reporting of certain tax shelter transactions (“**Reportable Transactions**”) could be interpreted to cover transactions generally not regarded as tax shelters, including certain foreign currency transactions. Under the U.S. Treasury regulations, certain transactions with respect to the Notes may be characterised as Reportable Transactions including, in certain circumstances, a sale, redemption, retirement or other taxable disposition of a Foreign Currency Note. Persons considering the purchase of such Notes should consult with their tax advisers to determine the tax return obligations, if any, with respect to an investment in such Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

**Foreign Account Tax Compliance Act**

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Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a foreign financial institution (as defined by FATCA) may be required to withhold on certain payments it makes to persons that fail to meet certain certification, reporting or related requirements. This withholding tax could apply to all interest on Notes unless the Note holder and each non-U.S. person or entity in the chain of payment complies with the applicable information reporting, account identification, withholding certification and other FATCA-related requirements.

A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. While the existence of such agreements will not eliminate the risk that the Notes will be subject to the withholding described above, these agreements are expected to reduce the risk of the withholding for investors in (or investors that hold Notes indirectly through financial institutions in) those countries.

Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

**Non-U.S. Holders**

The following is a summary of certain U.S. federal income tax consequences to a Non-U.S. Holder (as defined below) of the ownership and disposition of Notes.

As used herein, the term “**Non-U.S. Holder**” means a beneficial owner of a Note that is for U.S. federal income tax purposes: (i) a non-resident alien individual; (ii) a foreign corporation; or (iii) a foreign estate or trust.

Under U.S. federal income tax law now in effect, and subject to the discussion below concerning information reporting and backup withholding:

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| --- | --- | --- |
|  | (a) | payments of principal and interest (including OID) on a Note by the Issuer or any of its paying agents to any Non-U.S. Holder will not be subject to U.S. federal withholding tax; provided, however, that in the case of amounts treated as interest on a Note other than a Note with a maturity of 183 days or less: (i) such holder does not actually or constructively own 10% or more of the total combined voting power of all classes of stock of the Issuer entitled to vote within the meaning of Section 871(h)(3) of the Code; (ii) such holder is not a controlled foreign corporation for U.S. federal income tax purposes that is related, directly or indirectly, to the Issuer through stock ownership; (iii) such holder is not a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code; (iv) such amounts are not considered payments of “contingent interest” described in Section 871(h)(4) of the Code (relating primarily to interest based on or determined by reference to income, profits, cash flow, sales, dividends or other comparable attributes of the obligor or a party related to the obligor); (v) the Non-U.S. Holder provides the Issuer, or its paying agent, with an IRS Form W-8BEN or W-8BEN-E (or other appropriate type of IRS Form W-8 or other documentation as permitted by official IRS guidance); and (vi) the Non-U.S. Holder provides the Issuer, or its paying agent, any required information with respect to its direct and indirect U.S. owners as required pursuant to FATCA or, if the Notes are held through, or such holder is, a foreign financial institution (as defined under FATCA), such foreign financial institution complies with its obligations under FATCA (either pursuant to an agreement with the U.S. government or in accordance with local law) or is otherwise exempt from FATCA; |
|  | (b) | a Non-U.S. Holder of a Note will not be subject to U.S. federal income tax on any gain realised on the sale, redemption, retirement or other disposition of a Note unless: (i) such gain or income is effectively connected with a trade or business in the United States of the Non-U.S. Holder; or (ii) in the case of a Non-U.S. Holder who is an individual, the Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of such sale, redemption, retirement or other |

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|  |  | disposition and either such individual has a “tax home” (as defined in Section 911(d)(3) of the Code) in the United States or the gain is attributable to an office or other fixed place of business maintained by such individual in the United States; and |
|  | (c) | a Note held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual’s death if at the time of death: (i) the individual did not actually or constructively own 10% or more of the total combined voting power of all classes of stock of the Issuer entitled to vote; (ii) payments with respect to the Note would not have been effectively connected with a U.S. trade or business of such individual; and (iii) no amount payable on the Note would be considered to be a payment of “contingent interest” as set forth in Section 871(h)(4) of the Code (as described in paragraph (a) above). |

If a Non-U.S. Holder of a Note is engaged in a trade or business in the United States and interest on the Note is effectively connected with the conduct of such trade or business, the Non-U.S. Holder, although exempt from the withholding tax discussed in the preceding paragraph, will generally be subject to regular U.S. federal income tax on such interest in the same manner as if it were a U.S. Holder. In addition, if such a holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% of its effectively connected earnings and profits for the taxable year, subject to adjustments.

*Backup Withholding and Information Reporting*

Generally, the amount of interest and principal paid to a Non-U.S. Holder by the Issuer and the amount of tax, if any, withheld with respect to those payments must be reported annually to the IRS and to the Non-U.S. Holder. Copies of the information returns reporting such interest and withholding may also be made available to the tax authorities in the country in which a Non-U.S. Holder resides under the provisions of an applicable income tax treaty.

In general, a Non-U.S. Holder will not be subject to backup withholding or additional information reporting requirements with respect to payments of interest that the Issuer makes, provided certain certification requirements have been satisfied and the applicable withholding agent does not have actual knowledge or reason to know that the holder is a U.S. person, as defined under the Code, that is not an exempt recipient. As part of the certification requirements, a Non-U.S. Holder must provide its name and address, and certify, under penalties of perjury, that it is not a U.S. person (which certification may be made on an IRS Form W-8BEN, W-8BEN-E or other applicable form) or, if a Non-U.S. Holder holds the Notes through certain foreign intermediaries or certain foreign partnerships, the Non-U.S. Holder and the foreign intermediary or foreign partnership must satisfy the certification requirements of applicable Treasury regulations.

In addition, payments on the sale, redemption, retirement or other disposition of a Note to a Non-U.S. Holder generally will be subject to information reporting and, depending on the circumstances, backup withholding with respect to payments of the proceeds of the sale or other disposition (including a retirement or redemption) of a note within the United States or conducted through certain U.S. Middlemen, as defined below, unless the certification requirements described above have been satisfied and the payor does not have actual knowledge or reason to know that the holder is a U.S. person, as defined under the Code, that is not an exempt recipient, or a Non-U.S. Holder otherwise establishes an exemption.

Non-U.S. Holders of Notes should consult their tax advisers regarding the application of information reporting and backup withholding to their particular situations, the availability of an exemption therefrom and the procedure for obtaining such an exemption, if available. Any amounts withheld from a payment to a Non-U.S. Holder under the backup withholding rules will be allowed as a credit against such holder’s U.S. federal income tax liability and may entitle such holder to a refund, provided that the required information is timely furnished to the IRS.

“**U.S. Middleman**” means: (i) a U.S. person; (ii) a controlled foreign corporation for U.S. tax purposes; (iii) a foreign person 50% or more of whose gross income is derived from its conduct of a U.S. trade or business for a specified

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three-year period; (iv) a foreign partnership engaged in a U.S. trade or business or in which U.S. persons hold more than 50% of the income or capital interests; or (v) certain U.S. branches of foreign banks or insurance companies.

**The Proposed Financial Transactions Tax (“FTT”)**

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (each, other than Estonia, a “**participating Member State**”). Estonia has since withdrawn from the group of states willing to introduce the FTT.

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances.

Under the Commission’s Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

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**SUBSCRIPTION AND SALE**

Notes may be sold from time to time by the Issuer to any one or more of the Dealers. The arrangements under which Notes may from time to time be agreed to be sold by each Issuer to, and subscribed by, Dealers are set out in an amended and restated Programme Agreement (such Programme Agreement as amended and/or supplemented and/or restated from time to time, the “**Programme Agreement**”) dated 19 February 2021 and made between each Issuer, the Guarantor and the Dealers. If in the case of any Tranche of Notes the method of distribution is an agreement between each Issuer, the Guarantor and a single Dealer for that Tranche to be issued by the Issuer and subscribed by that Dealer, the method of distribution will be described in the relevant Pricing Supplement as “Non-Syndicated” and the name of that Dealer and any other interest of that Dealer which is material to the issue of that Tranche beyond the fact of the appointment of that Dealer will be set out in the relevant Pricing Supplement. If in the case of any Tranche of Notes the method of distribution is an agreement between the Issuer, the Guarantor (where applicable) and more than one Dealer for that Tranche to be issued by the Issuer and subscribed by those Dealers, the method of distribution will be described in the relevant Pricing Supplement as “Syndicated”, the obligations of those Dealers to subscribe the relevant Notes will be joint and several and the names of those Dealers and any other interests of any of those Dealers which is material to the issue of that Tranche beyond the fact of the appointment of those Dealers (including whether any of those Dealers has also been appointed to act as Stabilisation Manager in relation to that Tranche) will be set out in the relevant Pricing Supplement.

**United States**

The Notes and the Guarantee have not been and will not be registered under the Securities Act or the securities law of any U.S. state, and may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

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|  | (i) | it has not offered or sold, and will not offer or sell, the Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the issue date of the Notes, within the United States or to, or for the account or benefit of, U.S. persons; and |
|  | (ii) | it will have sent to each distributor or Dealer to which it sells Notes during such 40-day period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. |

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Terms used in the preceding three paragraphs and not otherwise defined in this Base Listing Particulars have the meanings given to them in Regulation S.

**Kingdom of Sweden**

This Base Listing Particulars is not a prospectus and has not been prepared in accordance with the prospectus requirements provided for in the EU Prospectus Regulation, the Act on Supplementary Provisions to the EU Prospectus Regulation (*lag (2019:414)* med *kompletterande bestämmelser till EU:s prospektförordning*), the Swedish Financial Instruments Trading Act (*lag (1991:980) om handel med finansiella instrument*) nor any other Swedish enactment. Neither the Swedish Financial Supervisory Authority (*Finansinspektionen*) nor any other Swedish public body has examined, approved or registered this Base Listing Particulars or will examine, approve or register this Base Listing Particulars.

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Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not, directly or indirectly, offer for subscription or purchase or issue invitations to subscribe for or buy or sell any Notes or distribute any draft or definite document in relation to any such offer, invitation or sale in the Kingdom of Sweden except in circumstances that will not result in a requirement to prepare a prospectus pursuant to the provisions of the EU Prospectus Regulation, the Act on Supplementary Provisions to the EU Prospectus Regulation, the Swedish Financial Instruments Trading Act nor any other Swedish enactment.

**Prohibition of sales to UK Retail Investors**

Unless the Pricing Supplement in respect of any Notes specifies “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Listing Particulars as completed by the Pricing Supplement, as the case may be in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision, the expression retail investor means a person who is one (or more) of the following:

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|  | (i) | a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or |
|  | (ii) | a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. |

**Other regulatory restrictions in the United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

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| (a) | in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer; |
| (b) | it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and |
| (c) | it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom. |

**Prohibition of Sales to EEA Retail Investors**

Unless the Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will

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not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision the expression “**retail investor**” means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

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|  | (ii) | a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. |

**Singapore**

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Listing Particulars has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Listing Particulars or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

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| (a) | a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or |
| (b) | a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, |

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

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| (1) | to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; |
| (2) | where no consideration is or will be given for the transfer; |
| (3) | where the transfer is by operation of law; |
| (4) | as specified in Section 276(7) of the SFA; or |
| (5) | as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore. |

**General**

Each of the Dealers has agreed to observe, to the best of its knowledge and belief, all applicable laws and regulations in each jurisdiction in or from which it may acquire, offer, sell or deliver Notes or has in its possession or distribute this Base Listing Particulars or any other offering material relating to the Notes.

No action has been, or will be, taken in any country or jurisdiction that would permit a public offering of the Notes, or the possession or distribution of this Base Listing Particulars or any other offering material relating to the Notes,

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in any country or jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Base Listing Particulars nor any circular, form of application, advertisement or other offering material relating to the Notes may be distributed in or from, or published in, any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

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**GENERAL INFORMATION**

**Authorisation**

The update of the Programme and the issue of Notes was authorised by the Funding Committee of the Board of Directors of the Issuer on 19 February 2021 and by the Board of Directors of the Guarantor on 16 February 2021. The Issuer and the Guarantor have obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue of and performance of their obligations under the Notes and the giving of the guarantee relating to them.

**Listing**

Application has been made for Notes issued under the Programme to be listed on the Official List and admitted to trading on GEM for a period of 12 months from the date of these Base Listing Particulars. Walker Listing Services Limited is acting solely in its capacity as listing agent for the Issuer (and not on its own behalf) in connection with the application.

**Legal Entity Identifier (“LEI”)**

The LEI code of the Issuer is A23RUXWKASG834LTMK28.

**Clearing of the Notes**

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and International Securities Identification Number (ISIN), Financial Instrument Short Name (FISN) and Classification of Financial Instruments (CFI) code (as applicable) for each issue allocated by Euroclear and Clearstream, Luxembourg and details of any other relevant clearance system(s) will be contained in the applicable Pricing Supplement.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

**Documents Available**

For so long as the Notes are listed on the Official List and admitted to trading on GEM, copies of the following documents may be inspected in physical form during normal business hours at the registered office of the Issuer at Klarabergsviadukten 70, Section B7, 7th Floor, Box 70381, SE-111 64, Stockholm, Sweden:

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| (a) | the constitutive documents of the Issuer and the Guarantor; |
| (b) | the Documents Incorporated by Reference; |
| (c) | the Agency Agreement (which contains the forms of the Notes in global and definitive forms); |
| (d) | the Guarantee; and |
| (e) | the Deed of Covenant. |

**Issue Price and Yield**

Notes may be issued at any price. The issue price of each Tranche of Notes to be issued under the Programme will be determined by the Issuer, the Guarantor and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions and the issue price of the relevant Notes or the method of determining the price and the process for its disclosure will be set out in the applicable Pricing Supplement.

In relation to any Tranche of Fixed Rate Notes, an indication of yield of each Tranche of such Notes will be set out in the applicable Pricing Supplement and will be calculated as of the relevant issue date on an annual or semi-annual basis using the relevant issue price. It will not be an indication of future yield.

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**Significant or Material Change**

There has been no significant change in the financial or trading position of the Issuer, the Guarantor or the Group, and no material adverse change in the prospects of the Issuer, the Guarantor or the Group since 31 December 2020.

**Material Contracts**

There are, at the date of this Base Listing Particulars, no material contracts that are not entered into in the ordinary course of the Group business, which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer’s or the Guarantor’s ability to meet its obligations to Noteholders in respect of the Notes being issued.

**Legal and Administrative Proceedings**

Neither the Issuer nor the Guarantor nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantor is aware) in the 12 months preceding the date of this Base Listing Particulars which may have or have in such period had a significant effect on the financial position or profitability of the Issuer, the Guarantor or the Group.

**Information relating to the Guarantor**

The Guarantor, a wholly-owned subsidiary of the Issuer, was incorporated on 4 April 1989 under the laws of the State of Indiana with registered number 1989040123. The address of the Guarantor is 3350 Airport Road, Ogden, Utah 84405 and its telephone number is +1 801 625 8200. The address of the Guarantor’s registered office in the State of Indiana is 150 West Market Street, Suite 800, Indianapolis, IN, 46204.

The Guarantor is an operating company within the Group owning certain assets and subsidiaries comprising part of the Group’s Passive Safety business segment, and the Guarantor contributes to the EBITDA and total consolidated assets of the Group (as illustrated in the following paragraphs).

The Guarantor will, pursuant to the Guarantee, unconditionally and fully guarantee, the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes. The financial information presented in the Base Listing Particulars is the audited consolidated financial information of the Issuer, which includes both Guarantor and non-guarantor subsidiaries.

Based on the consolidated financial information of the Group as at and for the year ended 31 December 2020:

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| (i) | the Guarantor recorded an EBITDA of US$97.3 million and total assets of US$3,050.4 million, representing 13.3% and 37.4%, respectively, of the Group’s EBITDA and total consolidated assets. The Guarantor recorded total assets of US$827.1 million excluding intercompany assets amounting to US$2,178.3 million, representing 10.7% of the Group's total consolidated assets; |
| (ii) | the members of the Group other than the Issuer and the Guarantor (the “**Non-obligors**”) collectively recorded an aggregate EBITDA of US$651.0 million and total assets of US$4,658.1 million (excluding total Guarantor assets of US$3,050.4 million), representing 89.1% and 57.1%, respectively, of the Group’s EBITDA and total consolidated assets. The Non-obligors recorded total assets of US$7,031.4 million (excluding intercompany assets amounting to US$2,373.3 million) representing 86.2% of the Group's total consolidated assets; |
| (iii) | the Guarantor recorded total liabilities of US$2,062.4 million, representing 36.0% of the Group’s total consolidated liabilities. The Guarantor recorded total liabilities of US$1,981.9 million excluding intercompany liabilities amounting to US$80.5 million, representing 34.6% of the Group’s total consolidated liabilities; |
| (iv) | the Non-obligors collectively recorded total liabilities of US$984.1 million, representing 17.2% of the Group’s total consolidated liabilities. The Non-obligors collectively recorded total liabilities of US$3,138.0 |

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|  | million (excluding intercompany liabilities amounting to US$-2,153.9 million), representing 54.7% of the Group’s total consolidated liabilities; |
| (v) | the Issuer recorded EBITDA of US$-17.8 million and total assets of US$448.4 million, representing 0% and 5.5%, respectively, of the Group’s EBITDA and total consolidated assets. The Issuer recorded total liabilities of US$253.3 million including shares in Group companies of US$211.9 million but excluding intercompany assets amounting to US$195.1 million, representing 3.1% of the Group's total consolidated assets; and |
| (vi) | the Issuer recorded total liabilities of US$2,687.2 million, representing 46.9% of the Group’s total consolidated liabilities. The Issuer recorded total assets of US$613.9 million excluding intercompany liabilities amounting to US$2,073.4 million, representing 10.7% of the Group's total consolidated liabilities. |

Other than as disclosed in this Base Listing Particulars, there are currently no encumbrances on the Guarantor's assets that could materially affect its ability to meet its obligations under the Guarantee. Although the Guarantor may be affected by some or all the general risks set out in “*Risk Factors — Risks Related to the Group’s Business*” and “*Risk Factors — Risks Related to the Group’s Industry*”, the Issuer and the Guarantor do not believe there are any risks specific to the Guarantor that could adversely impact on its Guarantee.

**Auditors**

The auditors of the Issuer are Ernst & Young AB (independent auditors, authorised and regulated by the Supervisory Board of Public Accountants — *Revisorsnämnden*), with Erik Sandström (member of FAR, the institute for the accountancy profession in Sweden) as the auditor-in-charge, who have audited the Issuer's accounts, without qualification, in accordance with the Public Company Accounting Oversight Board Standards for the fiscal years ended on 31 December 2019 and 31 December 2020. Ernst & Young AB has no financial interest in the Group.

**Conflicts**

The Arranger, Dealers and their affiliates may have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to, the Issuer and/or the Guarantor and their respective affiliates in the ordinary course of business. The Arranger, the Dealers and their affiliates may have positions, deal or make markets in the Notes, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Arranger, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Guarantor or their respective affiliates. The Arranger, the Dealers or their affiliates that have a lending relationship with the Issuer and the Guarantor routinely hedge their credit exposure to the Issuer and the Guarantor consistent with their customary risk management policies. Typically, the Arranger, the Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of Notes. The Arranger, the Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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**PRICING SUPPLEMENT**

**Form of Pricing Supplement**

*The Pricing Supplement in respect of each Tranche of Notes will be substantially in the following form, duly completed to reflect the particular terms of the relevant Notes and their issues. Text in this section appearing in italics does not form part of the form of the Pricing Supplement but denotes directions for completing the Pricing Supplement.*

[**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”) or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]2

[**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); (ii) a customer within the meaning of the provisions of the Financial Services Market Act 2000 (“**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

**[MIFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, “**MiFID II**”)][MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[‘s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.]

[**UK MIFIR product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA

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| 2 | Legend to be included on front of the Pricing Supplement if the Notes potentially constitute “packaged” products and no key information document will be prepared or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be “Applicable”. | |

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Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

[**Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore** (the “**SFA**”) - [*To insert notice if classification of the Notes is not “prescribed capital markets products”, pursuant to Section 309B of the SFA or Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products)*].]3

[The offering of the [*securities*] in Switzerland is exempt from requirement to prepare and publish a prospectus under the Swiss Financial Services Act (“**FinSA**”) [*because such offering is made to professional clients within the meaning of the FinSA only*] b*ecause the [securities] have a minimum denomination of CHF 100,000 (or equivalent in another currency) or more*] [*because (add description of other exemption pursuant to articles 36 and 37 FinSA*)[*and the [securities] will not be admitted to trading on any trading venue (exchange or multilateral trading facility) in Switzerland*]4. This [*document*] does not constitute a prospectus pursuant to the FinSA, and no such prospectus has been or will be prepared for or in connection with the offering of the [*securities*].]

**NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH REGULATION (EU) 2017/1129 FOR THE ISSUE OF NOTES DESCRIBED BELOW.**

[*Date*]

**Autoliv, Inc.**

**Legal entity identifier (LEI): A23RUXWKASG834LTMK28**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]**

**Guaranteed by Autoliv ASP, Inc.**

**under the €3,000,000,000**

**Euro Medium Term Note Programme**

**PART A – CONTRACTUAL TERMS**

This document constitutes the Pricing Supplement for the Notes described herein. This document must be read in conjunction with the Base Listing Particulars dated 19 February 2021 [as supplemented by the supplement[s] dated [*date[s]*]] (the “**Base Listing Particulars**”). Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Base Listing Particulars. Copies of the Base Listing Particulars may be obtained during normal business hours at the Issuer’s registered office at Klarabergsviadukten 70, Section B7, 7th Floor, Box 70381, SE-111 64, Stockholm, Sweden.

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| 3 | Relevant Dealer(s) to consider whether it / they have received the necessary product classification from the Issuer prior to the launch of the offer, pursuant to Section 309B of the SFA. | |
| 4 | Insertion of this language in italics is optional. | |

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[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Base Listing Particulars [dated [*original date*] [and the supplement dated [*date*]] which are incorporated by reference in the Base Listing Particulars].5

[*Include whichever of the following apply or specify as “Not Applicable”. Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement.*]

[*If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.*]

[*When completing this Pricing Supplement or adding any other terms and conditions or information, consideration should be given as to whether such terms or information constitute a significant change affecting any matter contained in the Base Listing Particulars or a significant new matter, the inclusion of information in respect of which would have been so required if it had arisen at the time when the Base Listing Particulars were prepared and consequently trigger the need for a supplement to the Base Listing Particulars under the rules of Euronext Dublin*].

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| 5 | Only include this language where it is a fungible issue and the original Tranche was issued under Base Listing Particulars with a different date. | |

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| 1.(a)         Series Number: | [         ] |
| (a)Tranche Number: | [         ] |
| (b)Date on which the Notes will be consolidated and form a single Series: | [The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/ [*date*]][Not Applicable] |
| 2.**Specified Currency or Currencies:** | [         ] |
| 3.**Aggregate Nominal Amount:** |  |
| (a)Series: | [         ] |
| (b)Tranche: | [         ] |
| 4.**Issue Price:** | [         ]% of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)] |
| 5.(a)          Specified Denominations: | [         ] |
| (a)Calculation Amount (in relation to calculation of interest in global form see Conditions): | [         ] |
|  | (*If only one Specified Denomination, insert the Specified Denomination.  If more than one Specified Denomination, insert the highest common factor.  Note: There must be a common factor in the case of two or more Specified Denominations*.) |
| 6.(a)          Issue Date: | [         ] |
| (a)Interest Commencement Date: | [*specify*/Issue Date/Not Applicable] |
|  | (*N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.*) |
| 7.**Maturity Date:** | [*Specify date or for* |
|  | *Floating Rate Notes* - Interest Payment Date falling in or nearest to [*specify month and year*]] |
| 8.**Interest Basis:** | [[         ]% Fixed Rate] |
|  | [[*specify Reference Rate*] +/- [         ]% Floating Rate] |
|  | [Zero Coupon] |
|  | [Index Linked Interest] |
|  | [Dual Currency Interest] |
|  | [*specify other*] |
|  | (further particulars specified below) |
| 9.**Redemption/Payment Basis:** | [Redemption at par] |
|  | [Index Linked Redemption] |
|  | [Dual Currency Redemption] |
|  | [Partly Paid] |
|  | [Instalment] |
|  | [*specify other*] |
| 10.**Change of Interest Basis or Redemption/Payment Basis:** | [*Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis*][Not Applicable] |
| 11.**Put/Call Options:** | [Investor Put] |
|  | [Change of Control Put] |
|  | [Issuer Call] |
|  | [(further particulars specified below)] |
| 12.**[Date [Board] approval for issuance of Notes [and Guarantee] obtained:** | [         ] [and [         ], respectively]]  *(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee*) |
| **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE** | |
| 13.**Fixed Rate Note Provisions** | [Applicable/Not Applicable] |
|  | (*If not applicable, delete the remaining subparagraphs of this paragraph*) |
| (a)Rate[(s)] of Interest: | [         ]% per annum payable in arrear on each Interest Payment Date |

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|  |  |
| --- | --- |
| (b)Interest Payment Date(s): | [         ] in each year up to and including the Maturity Date |
|  | (*Amend appropriately in the case of irregular coupons*) |
| (c)Fixed Coupon Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): | [[         ] per Calculation Amount][Not Applicable] |
| (d)Broken Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): | [[         ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [         ]][Not Applicable] |
| (e)Day Count Fraction: | [30/360/Actual/Actual (ICMA)/*specify other*] |
| (f)[Determination Date(s): | [[         ] in each year][Not Applicable] |
|  | (*Only relevant where Day Count Fraction is Actual/Actual (ICMA).  In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)*] |
| (g)Other terms relating to the method of calculating interest for Fixed Rate Notes: | [None/*Give details*] |
| 14.**Floating Rate Note Provisions** | [Applicable/Not Applicable] |
|  | (*If not applicable, delete the remaining subparagraphs of this paragraph*) |
| (a)Specified Period(s)/Specified Interest Payment Dates: | [         ][, subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to any adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable] |
| (b)Business Day Convention: | [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/[*specify other*]] [Not Applicable] |
| (c)Additional Business Centre(s): | [         ] |
| (d)Manner in which the Rate of Interest and Interest Amount is to be determined: | [Screen Rate Determination/ISDA Determination/*specify other*] |
| (e)Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): | [         ] (the “**Calculation Agent**”) |
| (f)Screen Rate Determination: |  |
| •Reference Rate: | [         ] month [LIBOR/EURIBOR/*specify other Reference Rate*] *(Additional information is required if other Reference Rate, including fallback provisions.)*[Compounded Daily SONIA] |

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|  |  |
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| •Interest Determination Date(s): | [         ]  *(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR. Specify date prior to end of each Interest Period if SONIA)* |
| •Relevant Screen Page: | [         ] |
|  | (*In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*) |
| •Observation Look-back Period: | [        ][Not Applicable] |
| •Reference Rate Replacement: | [Applicable/Not Applicable] |
| (g)ISDA Determination: |  |
| •Floating Rate Option: | [         ] |
| •Designated Maturity: | [         ] |
| •Reset Date: | [         ] |
|  | (*In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period*)    (*N.B. The fall-back provisions applicable to ISDA Determination under the 2006 ISDA Definitions are reliant upon the provision by reference banks of offered quotations for LIBOR and/or EURIBOR which, depending on market circumstances, may not be available at the relevant time*) |
| (h)Linear Interpolation: | [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)] |
| (i)Margin(s): | [+/-] [         ]% per annum |
| (j)Minimum Rate of Interest: | [         ]% per annum |
| (k)Maximum Rate of Interest: | [         ]% per annum |
| (l)Day Count Fraction: | [Actual/Actual (ISDA)][Actual/Actual] |
|  | [Actual/365 (Fixed)] |

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|  |  |
| --- | --- |
|  | [Actual/365 (Sterling)] |
|  | [Actual/360] |
|  | [30/360][360/360][Bond Basis] |
|  | [30E/360][Eurobond Basis] |
|  | [30E/360 (ISDA)] |
|  | [*Other*] |
| (m)Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: | [         ] |
| 15.**Zero Coupon Note Provisions** | [Applicable/Not Applicable] |
|  | (*If not applicable, delete the remaining subparagraphs of this paragraph*) |
| (a)Accrual Yield: | [         ]% per annum |
| (b)Reference Price: | [         ] |
| (c)Any other formula/basis of determining amount payable for Zero Coupon Notes: | [         ] |
| (d)Day Count Fraction in relation to Early Redemption Amounts: | [30/360]  [Actual/360] |
|  | [Actual/365] |
| 16.**Index Linked Interest Note** | [Applicable/Not Applicable] |
|  | (*If not applicable, delete the remaining subparagraphs of this paragraph*) |
| (a)Index/Formula: | [*give or annex details*] |
| (b)Calculation Agent | [*give name*] |
| (c)Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Agent): | [         ] |
| (d)Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: | [*need to include a description of market disruption or settlement disruption events and adjustment provisions*] |
| (e)Specified Period(s)/Specified Interest Payment Dates: | [         ] |

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|  |  |
| --- | --- |
| (f)Business Day Convention: | [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/*specify other*] |
| (g)Additional Business Centre(s): | [         ] |
| (h)Minimum Rate of Interest: | [         ]% per annum |
| (i)Maximum Rate of Interest: | [         ]% per annum |
| (j)Day Count Fraction: | [         ] |
| (k)Index Information: | [i*ndex information to be obtained/indication of past and future index performance/volatility*] |
| 17.**Dual Currency Interest Note Provisions** | [Applicable/Not Applicable] |
|  | (*If not applicable, delete the remaining subparagraphs of this paragraph*) |
| (a)Rate of Exchange/method of calculating Rate of Exchange: | [*give or annex details*] |
| (b)Party, if any, responsible for calculating the principal and/or interest due (if not the Agent): | [         ] (the “**Calculation Agent**”) |
| (c)Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: | [*need to include a description of market disruption or settlement disruption events and adjustment provisions*] |
| (d)Person at whose option Specified Currency(ies) is/are payable: | [         ] |
| **PROVISIONS RELATING TO REDEMPTION** | |
| 18.**Notice periods for Condition 7.2:** | Minimum period: [30] days  Maximum period: [60] days |
| 19.**Issuer Call:** | [Applicable/Not Applicable] |
|  | (*If not applicable, delete the remaining subparagraphs of this paragraph*) |
| (a)Optional Redemption Date(s): | [*date*]/[Any date from and including [*date*] to but excluding [*date*]] |
| (b)Optional Redemption Amount and method, if any, of calculation of such amount(s): | [[         ] per Calculation Amount/[Spens Amount/Make-whole Amount] *specify other*/see Appendix]  *(If Spens Amount or Make-whole Amount is selected, include items (i) to (iii) below or relevant options as are set out in the Conditions*) |
| (i)Redemption Margin: | [         ]% |

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|  |  |
| --- | --- |
| (ii)Reference Bond: | [         ] |
| (iii)Quotation Time: | [         ] |
| (c)If redeemable in part: |  |
| (i)Minimum Redemption Amount: | [         ] |
| (ii)Maximum Redemption Amount: | [         ] |
| (d)Notice periods: | Minimum period: [15] days |
|  | Maximum period: [30] days |
|  | (*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems* (*which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.*) |
| 20.**Investor Put:** | [Applicable/Not Applicable] |
|  | (*If not applicable, delete the remaining subparagraphs of this paragraph*) |
| (a)Optional Redemption Date(s): | [         ] |
| (b)Optional Redemption Amount and method, if any, of calculation of such amount(s): | [[         ] per Calculation Amount/*specify other*/see Appendix] |
| (c)Notice periods: | Minimum period: [15] days |
|  | Maximum period: [30] days |
|  | (*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems* (*which require a minimum of 15 clearing system business days' notice for a put*) *and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent [or Trustee].*) |
| 21.**Change of Control Put:** | [Applicable/Not Applicable] |
|  |  |
| 22.**Final Redemption Amount:** | [[         ] per Calculation Amount/*specify other*/see Appendix] |

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| 23.**Early Redemption Amount payable on redemption for taxation reasons, redemption following a Change of Control or on event of default and/or the method of calculating the same (if required):** | [[         ] per Calculation Amount/*specify other*/see Appendix]    (*N.B. If the Final Redemption Amount is 100% of the nominal value (i.e. par), the Early Redemption Amount is likely to be par (but consider).  If, however, the Final Redemption Amount is other than 100% of the nominal value, consideration should be given as to what the Early Redemption Amount should be.*) |
| **GENERAL PROVISIONS APPLICABLE TO THE NOTES** | |
| 24.**Form of Notes:** | Registered Notes |
|  | [Global Note registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is held under the NSS)] |
| 25.**Additional Financial Centre(s):** | [Not Applicable/*give details*] |
|  | (*Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which sub-paragraphs 14(c) and 16(g) relate*) |
| 26.**Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment.** | [Not Applicable/*give details, including relevant further conditions relating to the Partly Paid Notes (e.g. interest, early redemption, redemption, subscription procedures, subscription amounts and/or timings) and annex to this Pricing Supplement, where appropriate, any related notices including any form of subscription amount notice*] |
| 27.**Details relating to Instalment Notes:** | [Applicable/Not Applicable] |
|  | (*If not applicable, delete the remaining subparagraphs of this paragraph*) |
| (a)Instalment Amount(s): | [*give details*] |
| (b)Instalment Date(s): | [*give details*] |
| 28.**Other terms or special conditions:** | [Not Applicable/*give details*] |

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**RESPONSIBILITY**

The Issuer and the Guarantor accept responsibility for the information contained in this Pricing Supplement. [[*Relevant third party information*] has been extracted from [*specify source*]. Each of the Issuer and the Guarantor confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.

|  |  |
| --- | --- |
| Signed on behalf of Autoliv, Inc.: | Signed on behalf of Autoliv ASP, Inc.: |
| By: | By: |
| *Duly authorised* | *Duly authorised* |

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**PART B – OTHER INFORMATION**

|  |  |
| --- | --- |
| **1.LISTING** | [Application [has been made/is expected to be made] by the Issuer (or on its behalf) to [The Irish Stock Exchange plc trading as Euronext Dublin (“**Euronext Dublin**”) for the Notes to be admitted to the official list and to trading on the Global Exchange Market of Euronext Dublin] [*specify market* – *note this must not be a regulated market*] with effect from [         ].]  [Not Applicable] |
| **2.RATINGS** |  |
| Ratings: | [The Notes to be issued [[have been]/[are expected to be]] rated [*insert details*] by [*insert the legal name of the relevant credit rating agency entity(ies)*]*.* |
|  | (*The above disclosure is only required if the ratings of the Notes are different to those stated in the Base Listing Particulars*) |
| **3.INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE** | |
| [Save for any fees payable to the [Managers /Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer.  The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and the Guarantor and their affiliates in the ordinary course of business – *Amend as appropriate if there are other interests*] | |
| **4.OPERATIONAL INFORMATION** | |
| (i)ISIN: | [         ] |
| (ii)Common Code: | [         ] |
| (iii)CFI: | [[         ]/Not Applicable] |
| (iv)FISN: | [[         ]/Not Applicable]  (*If the CFI and/or FISN is not required, requested or available, it/they should be specified to be “Not Applicable”*) |
| (v)Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): | [Not Applicable/*give name(s) and number(s)*] |
| (vi)Delivery: | Delivery [against/free of] payment |
| (vii)Names and addresses of additional Paying Agent(s) (if any): | [         ] |
| (viii)Intended to be held in a manner which would allow Eurosystem eligibility: | [Yes.  Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper] [*include this text for Notes which are to be held under the NSS*] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life.  Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/ |

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|  | [No. Whilst the designation is specified as “no” at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper.  Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life.  Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]] |
| **5.DISTRIBUTION** | |
| (i)Method of distribution: | [Syndicated/Non-syndicated] |
| (ii)If syndicated, names of Managers: | [Not Applicable/*give names*] |
| (iii)Stabilisation Manager(s) (if any): | [Not Applicable/*give name*] |
| (iv)If non-syndicated, name of relevant Dealer: | [Not Applicable/*give* *name*] |
| (v)U.S. Selling Restrictions: | Reg. S Compliance Category 2 |
| (vi)Additional selling restrictions: | [Not Applicable/*give details*] |
|  | (*Additional selling restrictions are only likely to be relevant for certain structured Notes, such as commodity-linked Notes*) |
| (vii)Prohibition of Sales to EEA Retail Investors:          (viii)Prohibition of Sales to UK Retail Investors: | [Applicable/Not Applicable]  (*If Notes clearly do not constitute “packaged” products or the Notes do constitute “packaged” products and a key information document will be prepared in the EEA, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared, “Applicable” should be specified.*)  [Applicable/Not Applicable]  (*If Notes clearly do not constitute “packaged” products or the Notes do constitute “packaged” products and a key information document will be prepared in the UK, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared, “Applicable” should be specified.*) |

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|  |  |
| **ISSUER** | **GUARANTOR** |
| **Autoliv, Inc.** World Trade Centre Klarabergsviadukten 70, Sec B7 111 64 Stockholm Sweden | **Autoliv ASP, Inc.** 3350 Airport Road Ogden Utah  United States |
|  | |
| **FISCAL AGENT AND REGISTRAR** | |
| **HSBC Bank plc** 8 Canada Square London, E14 5HQ United Kingdom | |
| **ARRANGER** | |
| **Morgan Stanley & Co. International plc** 25 Cabot Square Canary Wharf London E14 4QA  United Kingdom    **DEALERS** | |
| **Morgan Stanley & Co. International plc** 25 Cabot Square Canary Wharf London E14 4QA  United Kingdom | **Bank of China Limited, London Branch**  1 Lothbury  London EC2R 7DB  United Kingdom |
| **Citigroup Global Markets Limited**  Citigroup Centre  Canada Square  Canary Wharf London E15 5LB  United Kingdom | **DNB Bank ASA**  P.O. Box 1600 Sentrum  N-0021 Oslo  Norway |
| **ING Bank N.V.**  Foppingadreef 7  1102 BD Amsterdam  The Netherlands | **J.P. Morgan Securities plc**  25 Bank Street  Canary Wharf  London E14 5JP  United Kingdom |
| **Mizuho International plc**  Mizuho House  30 Old Bailey  London EC4M 7AU  United Kingdom | **Mizuho Securities Europe GmbH**  Taunustor 1  60310 Frankfurt am Main  Germany |

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|  |  |
| --- | --- |
|  |  |
| **MUFG Securities (Europe) N.V.**  World Trade Center, Tower H, 11th Floor  Zuidplein 98  1077 XV Amsterdam  The Netherlands      **Société Générale**  29 Boulevard Haussmann  75009 Paris  France | **Skandinaviska Enskilda Banken AB (publ)**  Kungsträdgårdsgatan 8  SE-106 40 Stockholm  Sweden |
|  | |
| **LEGAL ADVISERS** | |
| *To the Issuer and the Guarantor as to English law* | *To the Arranger and Dealers as to English law* |
| **Hogan Lovells International LLP** Atlantic House Holborn Viaduct EC1A 2FG United Kingdom | **Allen & Overy LLP** One Bishops Square London E1 6AD United Kingdom |
|  |  |
| *To the Issuer and the Guarantor as to United States laws* | |
| **Hogan Lovells US LLP** Columbia Square 555 Thirteenth Street, NW Washington, D.C. 20004 United States | |
| **AUDITORS TO THE ISSUER** | **LISTING AGENT** |
| **Ernst & Young AB** Jakobsbergsgatan 24 111 44 Stockholm Sweden | **Walkers Listing Services Limited** 5th Floor, The Exchange George’s Dock, IFSC Dublin 1 D01 W3P9 Ireland |

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Exhibit 4.14

|  |
| --- |
|  |
| **EXECUTION VERSION** |
|  |
| **AMENDED AND RESTATED PROGRAMME AGREEMENT** |
| **DATED 19 FEBRUARY 2021** |
| **AUTOLIV, INC.**  **as Issuer**    **and**    **AUTOLIV ASP, INC.**  **as Guarantor**    **EUR 3,000,000,000**  **EURO MEDIUM TERM NOTE PROGRAMME** |

|  |  |  |
| --- | --- | --- |
| **Allen & Overy LLP** | | |
|  | 0012034-0005142 UKO2: 2001888033.6 |  |

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|  |

**THIS AMENDED AND RESTATED PROGRAMME AGREEMENT** is dated 19 February 2021

**BETWEEN**:

|  |  |
| --- | --- |
| (1) | **AUTOLIV, INC.**, a company incorporated under the laws of the State of Delaware, U.S.A. with offices at World Trade Center, Klarabergsviadukten 70, Sec B7, 111 64 Stockholm, Sweden (the **Issuer**); |
| (1) | **AUTOLIV ASP, INC.**, a company incorporated under the laws of the State of Indiana, U.S.A. with offices at 3350 Airport Road, Ogden, Utah (the **Guarantor**); and |
| (2) | **BANK OF CHINA LIMITED LONDON BRANCH**, **CITIGROUP GLOBAL MARKETS LIMITED**, **DNB BANK ASA**, **ING BANK N.V.**, **J.P. MORGAN SECURITIES PLC**, **MIZUHO INTERNATIONAL PLC**, **MIZUHO SECURITIES EUROPE GMBH**, **MORGAN STANLEY & CO. INTERNATIONAL PLC**, **MUFG SECURITIES (EUROPE) N.V.**, **SKANDINAVISKA ENSKILDA BANKEN AB (PUBL)** and **SOCIÉTÉ GÉNÉRALE** (the **Initial Dealers**). |

**WHEREAS:**

|  |  |
| --- | --- |
| (A) | In respect of the Programme (as defined below), the parties hereto entered into an Amended and Restated Programme Agreement dated 21 February 2020 (the **Existing Programme Agreement**). |
| (B) | The parties hereto have agreed to make certain modifications to the Existing Programme Agreement and to the Programme by entering into this Agreement. |
| (C) | This Agreement amends and restates the Existing Programme Agreement. Any Notes (as defined below) issued under the Programme on or after the date hereof shall be issued pursuant to this Agreement. This does not affect any Notes issued under the Programme prior to the date of this Agreement. |

**IT IS AGREED**:

|  |  |
| --- | --- |
| **1.** | **DEFINITIONS AND INTERPRETATION** |
| 1.1 | In this Agreement: |

**affiliate** (unless otherwise stated) has the meaning given to it by Rule 405 under the Securities Act;

**Agency Agreement** means the amended and restated agency agreement dated 19 February 2021 between the Issuer, the Guarantor, the Fiscal Agent, the Registrar and the other Paying Agents and Transfer Agents referred to in it under which, amongst other things, the Fiscal Agent is appointed as issuing agent, fiscal agent and agent bank for the purposes of the Programme;

**Agreement Date** means, in respect of any Note, the date on which agreement is reached for the issue of such Note as contemplated in clause ‎2 which, in the case of Notes in relation to which a Subscription Agreement is entered into, shall be the date on which the Subscription Agreement is signed by or on behalf of all the parties to it except that for the purposes of the proviso to subclause ‎5.2(b) only, Agreement Date means the date on which the issue of Notes is first priced;

**Agreements** means each of this Programme Agreement, the Agency Agreement, the Deed of Covenant and the Guarantee;

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**Arranger** means Morgan Stanley & Co. International plc and any other entity appointed as an arranger for the Programme or in respect of any particular issue of Notes under the Programme and references in this Agreement to the **Arranger** shall be references to the relevant Arranger;

**Base Listing Particulars** means the base listing particulars prepared in connection with the Programme and constituting listing particulars for the purposes of the Listing Rules as revised, supplemented or amended from time to time by the Issuer and the Guarantor in accordance with subclause ‎5.2 including any documents which are from time to time incorporated in the Base Listing Particulars by reference provided that:

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|  | (a) | in relation to each Tranche of Notes the applicable Pricing Supplement shall be deemed to be included in the Base Listing Particulars; and |
|  | (b) | for the purpose of subclause ‎4.2 in respect of the Agreement Date and the Issue Date, the Base Listing Particulars means the Base Listing Particulars as at the Agreement Date, but without prejudice to (a) above, not including any subsequent revision, supplement or amendment to it or incorporation of information in it; |

**Confirmation Letter** means:

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|  | (a) | in respect of the appointment of a third party as a Dealer for the duration of the Programme, the Confirmation Letter substantially in the form set out in ‎Part 2 of ‎Appendix 3; and |
|  | (b) | in respect of the appointment of a third party as a Dealer for one or more particular issues of Notes under the Programme, the Confirmation Letter substantially in the form set out in Part 4 of Appendix 3; |

**Covered Affiliate** has the meaning assigned to the term “affiliate” in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k);

**Covered Entity** means any of the following:

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|  | (a) | a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. §252.82(b); |
|  | (b) | a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. §47.3(b); or |
|  | (c) | a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. §382.2(b); |

**Dealer** means each of the Initial Dealers (including Morgan Stanley & Co. International plc in its capacity as Arranger) and any New Dealer and excludes any entity whose appointment has been terminated pursuant to clause ‎10, and references in this Agreement to the **relevant Dealer** shall, in relation to any Note, be references to the Dealer or Dealers with whom the Issuer has agreed the issue and purchase of such Note;

**Dealer Accession Letter** means:

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|  | (a) | in respect of the appointment of a third party as a Dealer for the duration of the Programme, the Dealer Accession Letter substantially in the form set out in ‎Part 1 of Appendix 3; and | | |
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|  | (b) | in respect of the appointment of a third party as a Dealer for one or more particular issues of Notes under the Programme, the Dealer Accession Letter substantially in the form set out in Part 3 of Appendix 3; |

**Deed of Covenant** means the deed of covenant dated 11 April 2019, substantially in the form set out in Schedule 3 to the Agency Agreement, executed as a deed by the Issuer in favour of certain accountholders with Euroclear, Clearstream, Luxembourg and any other agreed clearing system;

**Default Right** has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§252.81, 47.2 or 382.1, as applicable;

**Euronext Dublin** means the Irish Stock Exchange plc trading as Euronext Dublin;

**EUWA** means the European Union (Withdrawal) Act 2018;

**Exchange Act** means the United States Securities Exchange Act of 1934;

**Fiscal Agent** means HSBC Bank plc as Fiscal Agent under the Agency Agreement and any successor fiscal agent appointed in accordance with the Agency Agreement;

**FSMA** means the Financial Services and Markets Act 2000;

**Group** means the Issuer and its subsidiaries (including the Guarantor), taken as a whole;

**Guarantee** means the Deed of Guarantee dated 11 April 2019, substantially in the form set out in Schedule 9 to the Agency Agreement, executed as a deed by the Guarantor;

**Initial Documentation List** means the lists of documents set out in ‎Appendix 1;

**Investment Company Act** means the United States Investment Company Act of 1940;

**Issuer-ICSDs Agreement** means the agreement dated 27 March 2019 between the Issuer, Euroclear and Clearstream, Luxembourg;

**Lead Manager** means, in relation to any Tranche of Notes (i) the person named as the Lead Manager, or (ii) the persons named as Joint Lead Managers (each a **Lead Manager**), in each case in the applicable Subscription Agreement;

**Listing Rules** means:

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|  | (a) | in the case of Notes which are, or are to be, listed on the Market, the Listing and Admission to Trading Rules of the Market; and |
|  | (b) | in the case of Notes which are, or are to be, listed on a Stock Exchange other than the Market, the listing rules and regulations for the time being in force for such Stock Exchange; |

**Manager** means, in relation to any Tranche of Notes, a person named as a Manager in the applicable Subscription Agreement;

**Market** means the Global Exchange Market of Euronext Dublin;

**New Dealer** means any entity appointed as an additional Dealer in accordance with clause ‎11;

**Note** means a Note issued or to be issued by the Issuer under the Programme, which Note may be represented by a Global Note or be in definitive form;

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**Official List** means the official list of Euronext Dublin;

**Pricing Supplement** means the pricing supplement issued in relation to each Tranche of Notes (substantially in the form of Annex 3 to the Procedures Memorandum) and giving details of that Tranche and, in relation to any particular Tranche of Notes, **applicable Pricing** **Supplement** means the Pricing Supplement applicable to that Tranche;

**Procedures Memorandum** means the Operating and Administrative Procedures Memorandum dated 19 February 2021 as amended or varied from time to time including, in respect of any Tranche, by agreement between the Issuer, the Guarantor and the relevant Dealer or, as the case may be, the Lead Manager with the approval of the Fiscal Agent and, if applicable, the Registrar;

**Programme** means the Euro Medium Term Note Programme established on 11 April 2019;

**Prospectus Regulation** means Regulation (EU) 2017/1129;

**Registrar** means HSBC Bank plc as Registrar under the Agency Agreement, which expression shall include any successor or additional registrar appointed in accordance with the Agency Agreement;

**Regulation S** means Regulation S under the Securities Act;

**Relevant Party** means each Dealer, each of their respective affiliates and each person who controls them (within the meaning of section 15 of the Securities Act or section 20 of the Exchange Act) and each of their respective directors, officers, employees and agents;

**Sanctions** means trade, economic or financial sanctions, laws, regulations, embargoes or restrictive measures imposed, administered or enforced from time to time by any Sanctions Authority;

**Sanctions Authority** means:

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|  | (a) | the United Nations; |
|  | (b) | the European Union; |
|  | (c) | any member state of the European Union; |
|  | (d) | the government of the United States of America; |
|  | (e) | the government of the United Kingdom, |

and any of their governmental authorities, including, without limitation, the Office of Foreign Assets Control for the U.S. Department of Treasury (**OFAC**), the U.S. Department of Commerce, the U.S. State Department or the U.S. Department of the Treasury and Her Majesty’s Treasury of the United Kingdom (**HMT**);

**Sanctions List** means:

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|  | (a) | the Specifically Designated Nationals and Blocked Persons list maintained and published by OFAC; | | |
|  | (b) | the Consolidated List of Financial Sanctions Targets and the Investments Ban List maintained and published by HMT; | | |
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and any similar list maintained and published, or a public announcement of a Sanctions designation made, by any Sanctions Authority, in each case as amended, supplemented or substituted from time to time;

**S&P** means S&P Global Ratings Europe Limited;

**Securities Act** means the United States Securities Act of 1933;

**Stock Exchange** means Euronext Dublin or any other stock exchange on which any Notes may from time to time be listed, and references in this Agreement to the **relevant Stock Exchange** shall, in relation to any Notes, be references to the stock exchange or stock exchanges on which the Notes are from time to time, or are intended to be, listed;

**Subscription Agreement** means an agreement supplemental to this Agreement (by whatever name called) in or substantially in the form set out in Appendix 5 or in such other form as may be agreed between the Issuer, the Guarantor and the Lead Manager(s) or one or more Dealers (as the case may be); and

**U.S. Special Resolution Regime** means each of (i) the U.S. Federal Deposit Insurance Act and the regulations promulgated thereunder and (ii) Title II of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

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| 1.2 | (a)In this Agreement, unless the contrary intention appears, a reference to: | | | |
|  | | (i) | an amendment includes a supplement, restatement or novation and amended is to be construed accordingly; | | |
|  | | (ii) | a person includes any individual, company, unincorporated association, government, state agency, international organisation or other entity and, in all cases, includes its successors and assigns; | | |
|  | | (iii) | a provision of a law is a reference to that provision as extended, amended or re‑enacted; | | |
|  | | (iv) | a clause or appendix is a reference to a clause of or an appendix to this Agreement; | | |
|  | | (v) | a document is a reference to that document as amended from time to time; and | | |
|  | | (vi) | a time of day is a reference to London time; | | |
|  | (b) | the headings in this Agreement do not affect its interpretation; | | |  |
|  | (c) | terms defined in the Agency Agreement, the Conditions and/or the applicable Pricing Supplement and not otherwise defined in this Agreement shall have the same meanings in this Agreement, except where the context otherwise requires; | | |  |
|  | (d) | all references in this Agreement to Euroclear and/or Clearstream, Luxembourg shall, wherever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer, the Fiscal Agent and, as applicable, the Registrar; | | |  |
|  | (e) | as used herein, in relation to any Notes which are to have a "listing" or to be "listed" on Euronext Dublin, or any other Stock Exchange in a jurisdiction where admission to listing is approved and announced by a regulatory authority other than that Stock Exchange itself | | |  |
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|  |  | **listing** and **listed** shall be construed to mean that such Notes have been admitted to the Official List and admitted to trading on the Market or the relevant list of such other regulatory authority to trading on such Stock Exchange’s market for listed securities, respectively. The Market is not a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU) (**MiFID II**); | |
|  | (f) | references in this Agreement to "consolidated" in relation to each of the Issuer and the Guarantor shall (i) if it prepares both consolidated accounts and non-consolidated accounts in accordance with generally accepted accounting principles in the United States, be construed as references to "consolidated and non-consolidated" and (ii) for so long as it does not prepare and publish consolidated accounts in accordance with generally accepted accounting principles in the United States, be construed as references to "non-consolidated"; and | |
|  | (g) | references in this Agreement to a Directive include any relevant implementing measure of each Member State of the European Economic Area which has implemented such Directive. | |
| **2.** | **AGREEMENTS TO ISSUE AND PURCHASE NOTES** | | |
| 2.1 | Subject to the terms and conditions of this Agreement, the Issuer may from time to time agree with any Dealer to issue, and any Dealer may agree to purchase, Notes. | | |
| 2.2 | Unless otherwise agreed between the parties, on each occasion on which the Issuer and any Dealer agree on the terms of the issue by the Issuer and purchase by the Dealer of one or more Notes: | | |
|  | (a) | the Issuer shall cause the Notes which shall be initially represented by a Global Note, as indicated in the applicable Pricing Supplement, be issued and delivered on the agreed Issue Date in the case of a Global Note to a common depositary or, if Notes are held under the NSS, common safekeeper, in each case for Euroclear and Clearstream, Luxembourg, as specified in the applicable Pricing Supplement; | |
|  | (b) | the securities account of the relevant Lead Manager (in the case of Notes issued on a syndicated basis) or the Fiscal Agent (in the case of Notes issued on a non‑syndicated basis) with Euroclear and/or Clearstream, Luxembourg (as specified by the relevant Lead Manager or the Fiscal Agent, as the case may be) will be credited with the Notes on the agreed Issue Date, as described in the Procedures Memorandum; and | |
|  | (c) | the relevant Dealer or, as the case may be, the relevant Lead Manager shall, subject to the Notes being so credited, cause the net purchase moneys for the Notes to be paid in the relevant currency by transfer of funds to or to the order of the Issuer so that the payment is credited for value on the relevant Issue Date, as described in the Procedures Memorandum. | |
| 2.3 | Unless otherwise agreed between the Issuer and the relevant Dealer, where more than one Dealer has agreed with the Issuer to purchase a particular Tranche of Notes under this clause, the obligations of those Dealers shall be joint and several. | | |
| 2.4 | Where the Issuer agrees with two or more Dealers to issue, and those Dealers agree to purchase, Notes on a syndicated basis, the Issuer and the Guarantor shall enter into a Subscription Agreement with those Dealers.  The Issuer and the Guarantor may also enter into a Subscription Agreement with one Dealer only.  For the avoidance of doubt, the Agreement Date in respect of any such issue shall be the date on which the Subscription Agreement is signed by or on behalf of all the parties to it. | | |
| 2.5 | The procedures which the parties intend should apply for the purposes of issues to be subscribed on a non-syndicated basis are set out in Annex 1, Part 1 of the Procedures Memorandum.  The procedures | | |
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|  | which the parties intend should apply for the purposes of issues to be subscribed on a syndicated basis are set out in Annex 1, Part 2 of the Procedures Memorandum.  These procedures may be varied in respect of any issue by agreement between the parties to that issue. |
| 2.6 | Each of the Issuer and the Guarantor acknowledges that any issue of Notes in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply may only be issued in circumstances which comply with those laws, guidelines, regulations, restrictions or reporting requirements from time to time. |
| **3.** | **CONDITIONS OF ISSUE; UPDATING OF LEGAL OPINIONS** |
| **3.1** | **First issue** |

Before the Issuer reaches its first agreement with any Dealer for the issue and purchase of Notes under this Agreement, each Dealer shall have received, and found satisfactory all of the documents and confirmations described in Part 1 of the Initial Documentation List. Any Dealer must notify the Arranger and the Issuer within seven London business days of receipt of the documents and confirmations described in Part 1 of the Initial Documentation List if it considers any document or confirmation to be unsatisfactory and, in the absence of notification, each Dealer shall be deemed to consider the documents and confirmations to be satisfactory.

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| **3.2** | **Each issue** |

The obligations of a Dealer under any agreement for the issue and purchase of Notes made under clause ‎2 are conditional on:

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|  | (a) | there having been, as at the proposed Issue Date, no material adverse change, event or development involving a prospective material adverse change from that set forth in the Base Listing Particulars as at the relevant Agreement Date in the condition (financial or otherwise) business, properties, shareholders’ equity or results of operations of any of the Issuer, the Guarantor or the Group nor the occurrence of any event making untrue or incorrect any of the representations and warranties contained in clause ‎4; | | |
|  | (b) | there being no outstanding breach of any of the obligations of either the Issuer or the Guarantor under this Agreement, the Agency Agreement, the Deed of Covenant, the Guarantee or any Notes which has not been expressly waived by the relevant Dealer on or prior to the proposed Issue Date; | | |
|  | (c) | subject to clause ‎12, the aggregate nominal amount (or, in the case of Notes denominated in a currency other than euro, the euro equivalent (determined as provided in subclause ‎3.5) of the aggregate nominal amount) of the Notes to be issued, when added to the aggregate nominal amount (or, in the case of Notes denominated in a currency other than euro, the euro equivalent (as so determined) of the aggregate nominal amount) of all Notes outstanding (as defined in the Agency Agreement) on the proposed Issue Date (excluding for this purpose Notes due to be redeemed on the Issue Date) not exceeding EUR 3,000,000,000; | | |
|  | (d) | in the case of Notes which are intended to be listed, the relevant authority or authorities having agreed to list the Notes, subject only to the issue of the relevant Notes; | | |
|  | (e) | no meeting of the holders of Notes (or any of them) having been duly convened but not yet held or, if held but adjourned, the adjourned meeting having not been held and neither the Issuer nor the Guarantor being aware of any circumstances which are likely to lead to the convening of such a meeting; | | |
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|  | (f) | there having been, between the Agreement Date and the Issue Date for the Notes, in the opinion of the relevant Dealer, no such change in national or international financial, political or economic conditions or currency exchange rates or exchange controls as would, in the opinion of the relevant Dealer, be likely to either (i) prejudice materially the sale by the Dealer of the Notes proposed to be issued or, where relevant, the dealing in such Notes in the secondary market or (ii) materially change the circumstances prevailing at the Agreement Date; |
|  | (g) | there being in full force and effect all governmental or regulatory resolutions, approvals or consents required for the Issuer to issue the Notes and the Guarantor to guarantee the Notes on the proposed Issue Date and for the Issuer and the Guarantor to fulfil their obligations under the Notes and the Guarantee, respectively, and the Issuer and the Guarantor each having delivered to the relevant Dealer certified copies of those resolutions, approvals or consents and, where applicable, certified English translations of them; |
|  | (h) | there having been, between the Agreement Date and the Issue Date, no downgrading in the rating of the Issuer or the Guarantor and/or any of the Issuer's or the Guarantor's debt and/or Programme by any rating agency or the placing on "Creditwatch" with negative implications or similar publication of formal review by any rating agency; |
|  | (i) | the forms of the Pricing Supplement, the applicable Global Notes and the Notes in definitive form (each as applicable) in relation to the relevant Tranche and the relevant settlement procedures having been agreed by the Issuer, the relevant Dealer and the Fiscal Agent and, if applicable, the Registrar; |
|  | (j) | the relevant currency being accepted for settlement by Euroclear and Clearstream, Luxembourg; |
|  | (k) | the delivery to the common depositary or, as the case may be, the common safekeeper, of the Global Note as provided in the Agency Agreement; |
|  | (l) | any calculations or determinations which are required by the relevant Conditions to have been made prior to the Issue Date having been duly made; |
|  | (m) | in the case of Notes which are intended to be offered to the public in a European Economic Area Member State, no such Notes being offered in circumstances which require the publication of a prospectus under the Prospectus Regulation. |

In the event that any of the above conditions is not satisfied, the relevant Dealer shall be entitled (but not bound) by notice to the Issuer to be released and discharged from its obligations under the agreement reached under clause ‎2.

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| **3.3** | **Waiver** |

Subject to the discretion of the Lead Manager as provided in a Subscription Agreement, any Dealer, on behalf of itself only, may by notice in writing to the Issuer and the Guarantor waive any of the conditions precedent contained in subclause ‎3.2 (save for the conditions precedent contained in subclauses 3.2‎(c) and (m)) in so far as they relate to an issue of Notes to that Dealer.

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| **3.4** | **Updating of legal opinions** |

On each occasion when the Base Listing Particulars are updated or amended pursuant to subclause ‎5.2(a), the Issuer will procure that further legal opinions, in such form and with such content as the Dealers may reasonably require, are delivered, at the expense of the Issuer failing which the

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Guarantor, to the Dealers from legal advisers (approved by the Dealers) in the United States and England.

In addition, on such other occasions as a Dealer so requests (on the basis of reasonable grounds which shall include, without limitation, the publication of a supplement to the Base Listing Particulars), the Issuer will procure that a further legal opinion or further legal opinions, as the case may be, in such form and with such content as the Dealers may reasonably require, is or are delivered, at the expense of the Issuer (failing which the Guarantor) to the Dealers from legal advisers (approved by the Dealers) in such jurisdictions (including the United States and/or England) as the Dealers may reasonably require. If at or prior to the time of any agreement to issue and purchase Notes under clause ‎2 such a request is made with respect to the Notes to be issued, the receipt of the relevant opinion or opinions by the relevant Dealer in a form satisfactory to the relevant Dealer shall be a further condition precedent to the issue of those Notes to that Dealer.

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| **3.5** | **Determination of amounts outstanding** |

For the purposes of subclause ‎3.2(c):

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|  | (a) | the euro equivalent of Notes denominated in another Specified Currency shall be determined, at the discretion of the Issuer, either as of the Agreement Date for those Notes or on the preceding day on which commercial banks and foreign exchange markets are open for general business in London, in each case on the basis of the spot rate for the sale of the euro against the purchase of that Specified Currency in the London foreign exchange market quoted by any leading international bank selected by the Issuer on the relevant day of calculation; |
|  | (b) | the euro equivalent of Dual Currency Notes, Index Linked Notes and Partly Paid Notes shall be calculated in the manner specified above by reference to the original nominal amount on issue of those Notes (in the case of Partly Paid Notes regardless of the amount of the subscription price paid); and |
|  | (c) | the euro equivalent of Zero Coupon Notes and other Notes issued at a discount or a premium shall be calculated in the manner set out above by reference to the net proceeds received by the Issuer for the relevant issue. |
| **4.** | **REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS** | |
| 4.1 | As at the date of this Agreement, each of the Issuer (as regards all matters and the Notes) and the Guarantor (as regards all matters concerning itself and the Notes), jointly and severally represents, warrants and undertakes to the Dealers and each of them as follows: | |
|  | (a) | that: |
|  | | (i) | the most recently published audited consolidated financial statements of the Issuer and the most recently published audited consolidated financial statements of the Guarantor (if any) (the **audited accounts**); and |
|  | | (ii) | the most recently published unaudited interim consolidated financial statements of the Issuer and the most recently published unaudited interim consolidated financial statements of the Guarantor (if any); |

were, in each case prepared in accordance with the relevant laws of the United States and with accounting principles generally accepted in the United States consistently applied and that they present fairly, in all material respects, the financial position of the Group, as at the

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dates at which they were prepared and the results of the operations of the Group, in respect of the periods for which they were prepared, in each case save as disclosed in the Base Listing Particulars, and that there has been no material adverse change or development involving a prospective material adverse change in the position (financial or otherwise), business affairs, prospects, or results of operations of the Group since the date of the last audited accounts;

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|  | (b) | that (i) the Base Listing Particulars contains all material information with respect to the Issuer, the Guarantor, the Group and the Notes to be issued under this Agreement, (ii) the Base Listing Particulars does not contain an untrue statement of material fact or omit to state a material fact that is necessary in order to make the statements made in the Base Listing Particulars, in the light of the circumstances under which they were made, not misleading and there is no other fact or matter omitted from the Base Listing Particulars which was or is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, the Guarantor, the Group and of the rights attaching to the Notes to be issued under this Agreement, (iii) the statements of intention, opinion, belief or expectation contained in the Base Listing Particulars are honestly and reasonably made or held and (iv) all reasonable enquiries have been made to ascertain such facts and to verify the accuracy of all such statements; | | |
|  | (c) | that the Base Listing Particulars contain all the information required by the Listing Rules and applicable laws; | | |
|  | (d) | that (i) the Issuer has been duly incorporated and is validly existing under the State of Delaware law with full power, capacity and authority to own, lease and operate its properties and conduct its business as described in the Base Listing Particulars and the Issuer is lawfully qualified to do business in those jurisdictions in which business is conducted by it and lawfully able to execute and perform its obligations under the Notes and the Agreements and (ii) the Guarantor has been duly incorporated and is validly existing under the State of Indiana law with full power and authority to own, lease and operate its properties and conduct its business as described in the Base Listing Particulars and the Guarantor is lawfully qualified to do business in those jurisdictions in which business is conducted by it and lawfully able to execute and perform its obligations under the Agreements; | | |
|  | (e) | that each of the Issuer and the Guarantor (i) has all licences, permits, authorisations, consents and approvals, certificates, registrations and orders (**Licences**) and has made all necessary declarations and filings with all government agencies that are necessary to own or lease its properties and conduct its businesses as described in the Base Listing Particulars except as would not have a material adverse effect on the Issuer or the Guarantor and (ii) is conducting its business and operations in compliance with all applicable laws, regulations and guidelines; | | |
|  | (f) | that (i) the issue of Notes and the execution and delivery by the Issuer of the Agreements to which it is a party have been duly authorised by the Issuer and that upon due execution, issue and delivery the same will constitute legal, valid and binding obligations of the Issuer enforceable in accordance with their respective terms subject to the laws of bankruptcy and other laws affecting the rights of creditors generally and (ii) the execution and delivery by the Guarantor of the Agreements to which it is a party have been duly authorised by the Guarantor and that upon due execution and delivery the same will constitute legal, valid and binding obligations of the Guarantor enforceable in accordance with their respective terms subject to the laws of bankruptcy and other laws affecting the rights of creditors generally; | | |
|  | (g) | that (i) the execution and delivery by the Issuer of the Agreements to which it is a party and the issue, offering and distribution of Notes and the performance of the terms of any Notes | | |
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|  |  | and the Agreements by the Issuer will not infringe any law or regulation of the State of Delaware or, so far as the Issuer is aware, any other law or regulation and are not contrary to the provisions of the constitutional documents of the Issuer and will not result in any breach of the terms of, or constitute a default under, any instrument, agreement or order to which the Issuer is a party or by which it or its property is bound and (ii) the execution and delivery by the Guarantor of the Agreements to which it is a party and the performance of the terms of the Agreements by the Guarantor will not infringe any law or regulation of the State of Indiana or, so far as the Guarantor is aware, any other law or regulation and are not contrary to the provisions of the constitutional documents of the Guarantor and will not result in any breach of the terms of, or constitute a default under, any instrument, agreement or order to which the Guarantor is a party or by which it or its property is bound; | | |
|  | (h) | that save as disclosed in the Base Listing Particulars, none of the Issuer, the Guarantor or the Group is involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer and the Guarantor are aware) which may have, or have had in the previous 12 months, significant effects on the financial position or profitability of the Issuer, the Guarantor and/or the Group or, would adversely affect the ability of the Issuer or the Guarantor to perform its obligations under the Agreements or the Notes; | | |
|  | (i) | that all consents and approvals of any court, government department or other regulatory body required by the Issuer and/or the Guarantor for the execution and delivery of the Agreements and the issue, offering and distribution of any Notes issued under the Programme and the performance of the terms of any Notes and the Agreements have been obtained and are unconditional and in full force and effect; | | |
|  | (j) | that upon issue (i) all Notes will constitute direct, unconditional and unsecured obligations of the Issuer and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, subject as described in the Conditions and (ii) the Guarantee in respect of the Notes will constitute a direct, unconditional and unsecured obligation of the Guarantor and will rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, subject as described in the Guarantee; | | |
|  | (k) | that (i), subject as described in the Base Listing Particulars, (A) payments of principal and interest on any Notes will be made by the Issuer without withholding or deducting for any taxes, duties or other charges of whatever nature of the United States or any political subdivision or authority thereof or therein having power to tax and (B) no stamp or other duty or similar tax is assessable or payable in, and no withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature is required to be made by or within the United States or other subdivision of or authority therein or thereof having power to tax, in each case in connection with the authorisation, execution, issue or delivery of any Notes issued under the Programme or the authorisation, execution or delivery of the Agreements or the performance of the obligations of the Issuer under the Agreements and any Notes and (C) that, subject as described in the Base Listing Particulars, (x) payments by the Guarantor in respect of any Notes will be made without withholding or deducting for any taxes, duties or other charges of whatever nature of the United States or any political subdivision or authority thereof or therein having power to tax and (y) no stamp or other duty or similar tax is assessable or payable in, and no withholding or deduction for or an amount of, any taxes, duties, assessments or governmental charges of whatever nature is required to be made by or within the United States or other subdivision of or authority therein or thereof having power to tax, in each case in connection with the authorisation, execution or delivery of the Agreements or the performance of the obligations of the Guarantor under the Agreements; | | |
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|  | (l) | that no Event of Default or event which with the giving of notice or lapse of time or other condition might constitute an Event of Default is subsisting in relation to any outstanding Note and no event has occurred which might constitute (after an issue of Notes) an Event of Default thereunder or which with the giving of notice or lapse of time or other condition might (after an issue of Notes) constitute such an Event of Default; | | |
|  | (m) | that none of the Issuer, the Guarantor, any of their affiliates, nor any persons acting on any of their behalf, (other than the Dealers, as to which the Issuer and the Guarantor make no representations) has engaged or will engage in any directed selling efforts (as defined in Rule 902(c) under the Securities Act) with respect to the Notes and each of the foregoing persons has complied and will comply with the offering restrictions requirement of Regulation S under the Securities Act; | | |
|  | (n) | that no action has been taken or is contemplated by the Issuer, the Guarantor or any of their subsidiaries (and the Issuer is not aware of any action having been taken or being contemplated by any other person with respect to the Issuer, the Guarantor or any of their subsidiaries) which may result in the Issuer being obliged, under listing requirements or other obligations to its shareholders generally, to make any information which may be material to a subscriber for the Notes available to the public; | | |
|  | (o) | that (save in each case as would not be material in the context of the issue and offering of any Notes under the Programme), each of the Issuer and its subsidiaries maintains a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorisations; (ii) transactions are recorded as necessary to (A) permit preparation of financial statements in conformity with accounting rules and standards generally applicable in its jurisdiction of incorporation and (B) maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorisation; and (iv) each of the Issuer and its consolidated subsidiaries has made and kept books, records and accounts which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets of such entity and provide a sufficient basis for the preparation of the consolidated financial statements of the Group; | | |
|  | (p) | that none of the Issuer, the Guarantor, nor any of their respective subsidiaries, directors, officers, nor to the knowledge of the Issuer or the Guarantor, any of their respective agents, affiliates or employees, or other person acting on behalf of the Issuer, the Guarantor or any of their respective subsidiaries (i) is listed on, acting for or on behalf of, or owned or controlled by any persons identified on any Sanctions List, (ii) is currently the subject or target of any Sanctions or (iii) is located, organised or resident in a country or territory that is the subject or target of Sanctions, including, without limitation, Crimea, Cuba, Iran, North Korea and Syria (each a **Sanctioned Country**); | | |
|  | (q) | that the Issuer, the Guarantor and any of their respective subsidiaries, directors, officers, or employees and, to the knowledge of the Issuer and the Guarantor, any of their respective agents, affiliates or employees, has (i) not violated and is not in violation of any applicable anti-bribery or anti-corruption law (including, to the extent applicable, without limitation, the United States Foreign Corrupt Practices Act 1977, the UK Bribery Act 2010 and any law or regulation implementing the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions) and (ii) not made, offered to make, promised to make or authorised the payment or giving of, directly or indirectly, any bribe, rebate, payoff, influence payment, facilitation payment, kickback or other payment or gift of money or anything of value (including meals or entertainment) to any person while knowing that all or some portion of the money or value will be offered, given or promised to anyone to improperly influence official action, to obtain or retain business or otherwise to secure | | |
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|  |  | any improper advantage. The Issuer, the Guarantor and their respective subsidiaries have instituted, maintained and enforced, and maintains and enforces, policies and procedures reasonably designed to promote and achieve compliance with such laws and with the representation and warranty contained herein; |
|  | (r) | the operations of the Issuer, the Guarantor and their respective subsidiaries are and have been conducted at all times in compliance with applicable financial record keeping and reporting requirements and money laundering statutes in the United States and of all jurisdictions in which the Issuer, the Guarantor and their respective subsidiaries conduct business, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, **Money Laundering Laws**) and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Issuer, the Guarantor or any of their respective subsidiaries with respect to Money Laundering Laws is pending and, to the best of the Issuer's and the Guarantor's knowledge, no such actions, suits or proceedings are threatened or contemplated; |
|  | (s) | to the extent that would be material in the context of the issue and offering of any Notes, all returns, reports or filings required to have been made by or in respect of the Issuer for taxation purposes have been made and to the best of the Issuer's and the Guarantor's knowledge all such returns are up to date, correct and on a proper basis and are not the subject of any material dispute with the relevant revenue or other appropriate authorities and neither the Issuer nor the Guarantor is aware of any present circumstances likely to give rise to any such material dispute.  The Issuer and the Guarantor reasonably believe that the provisions for income tax included in its financial statements have to the extent that would be material in the context of the issue and offering of any Notes, been calculated on a proper basis in respect of all accounting periods ended on or before the accounting reference date to which the financial statements relate for which the Issuer was then or might at any time thereafter become or have become liable.  To date, neither the Issuer nor the Guarantor is aware of any tax deficiency which has arisen or has been asserted against the Issuer that would be considered material in the context of the issue of the Notes; and |
|  | (t) | that neither the Issuer nor the Guarantor is now, nor will it be as a result of the sale of any Notes, an “investment company”, or a company “controlled” by an “investment company” registered or required to be registered under the Investment Company Act (as such terms are used in the Investment Company Act). |
| 4.2 | With regard to each issue of Notes, each of the Issuer and the Guarantor (as applicable) shall be deemed to repeat the representations, warranties and undertakings contained in subclause ‎4.1 as at the Agreement Date for such Notes (any agreement on such Agreement Date being deemed to have been made on the basis of, and in reliance on, those representations, warranties and undertakings) and as at the Issue Date of such Notes; | |
| 4.3 | Each of the Issuer and the Guarantor (as applicable) shall be deemed to repeat the representations, warranties and undertakings contained in subclause ‎4.1 on each date on which the Base Listing Particulars is revised, supplemented or amended and on each date on which the aggregate nominal amount of the Programme is increased in accordance with clause ‎12. | |

The representations, warranties and undertakings contained in this clause shall continue in full force and effect notwithstanding the actual or constructive knowledge of any Dealer with respect to any of the matters referred to in the representations, warranties and undertakings set out above, any investigation by or on behalf of the Dealers or completion of the subscription and issue of any Notes.

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| 4.4 | Without prejudice to the rights of any other Dealer, Mizuho Securities Europe GmbH agrees and confirms that, in relation to the Notes, it is not entitled to the benefit of the representation and warranty contained in subclause 4.1(p) or the undertaking contained in subclause 5.12 of this Agreement to the extent that they would result in a violation of Section 7 of the German Foreign Trade Regulation (*Außenwirtschaftsverordnung*) or any similar applicable anti-boycott law or regulation. | | |
| 4.5 | Each Dealer, the Issuer and the Guarantor (as applicable) agrees and confirms that it has not sought or given, as appropriate, and is not entitled to the benefit of or does not repeat, as appropriate, the representation and warranty given in subclause 4.1(p) and/or make the undertaking contained in subclause 5.12 to the extent that to do so would be impermissible pursuant to (i) any provision of Council Regulation (EC) 2271/1996 (including as it forms part of domestic law by virtue of the EUWA) (the **Blocking Regulations**) or (ii) any law or regulation implementing the Blocking Regulations in any member state of the European Union or any similar blocking or anti-boycott law in the United Kingdom. | | |
| **5.** | **UNDERTAKINGS OF THE ISSUER AND THE GUARANTOR** | | |
| **5.1** | **Notification of material developments** | | |
| (a) | The Issuer and the Guarantor shall promptly after becoming aware of the occurrence thereof notify each Dealer of: | | |
|  | (i) | (A) any Event of Default or any condition, event or act which would after an issue of Notes (or would with the giving of notice and/or the lapse of time) constitute an Event of Default or (B) any breach of its representations, warranties or undertakings contained in the Agreements to which it is a party; and | |
|  | (ii) | any development affecting either the Issuer or the Guarantor or any of their respective businesses which is material in the context of the Programme or any issue of Notes. | |
| (b) | If, following the Agreement Date and before the Issue Date of the relevant Notes, the Issuer or the Guarantor becomes aware that any of the conditions specified in subclause ‎3.2, 3.4 and 5.7 will not be satisfied in relation to that issue, the Issuer or the Guarantor, as the case may be, shall forthwith notify the relevant Dealer to this effect giving full details thereof. In such circumstances, the relevant Dealer shall be entitled (but not bound) by notice to the Issuer and the Guarantor to be released and discharged from its obligations under the agreement reached under clause ‎2. | | |
| (c) | Without prejudice to the generality of this subclause ‎5.1, the Issuer and the Guarantor shall from time to time promptly furnish to each Dealer any information relating to the Issuer and the Guarantor which the Dealer may reasonably request. | | |
| **5.2** | **Updating of Base Listing Particulars** | | |
| (a) | On or before each anniversary of the date of this Agreement, the Issuer and the Guarantor shall update or amend the Base Listing Particulars (following consultation with the Arranger who will consult with the Dealers) by the publication of new Base Listing Particulars, in each case in a form approved by the Dealers. | | |
| (b) | Subject as set out in the proviso below, in the event of (i) a significant new factor, material mistake or inaccuracy relating to the information included in the Base Listing Particulars which is capable of affecting the assessment of the Notes arising or being noted, (ii) a change in the condition of the Issuer and/or the Guarantor which is material in the context of the Programme or the issue of any Notes or (iii) the Base Listing Particulars otherwise coming to contain an untrue statement of a | | |
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|  | material fact or omitting to state a material fact necessary to make the statements contained therein not misleading or if it is necessary at any time to amend the Base Listing Particulars to comply with, or reflect changes in, the laws or regulations of the United States or any other relevant jurisdiction, the Issuer and the Guarantor shall update or amend the Base Listing Particulars (following consultation with the Dealers and the relevant Dealer (if any)) by the publication of a supplement to it or new Base Listing Particulars, in each case in a form approved by the Dealers other than where a supplement has been prepared in accordance with subclause (c) below provided that the Issuer and the Guarantor undertakes that in the period from and including an Agreement Date to and including the related Issue Date of the new Notes, it will only prepare and publish a supplement to, or replacement of, the Base Listing Particulars if it is required, or has reasonable grounds to believe that it is required, to do so in order to comply with the Listing Rules and, in such circumstances, only to the extent that the Listing Rules applies to such new Notes, such supplement to, or replacement of, the Base Listing Particulars shall, solely as between the Issuer and the Guarantor and the relevant Dealer and solely for the purposes of such Listing Rules and clause 3.2(a), be deemed to have been prepared and published so as to comply with the requirements of the Listing Rules. | | |
| (c) | On each occasion on which the Issuer or the Guarantor publishes annual or interim consolidated financial statements the Issuer or the Guarantor, as the case may be, will prepare and publish a supplement to the Base Listing Particulars either setting out those financial statements or incorporating them by reference in the Base Listing Particulars. | | |
| (d) | If the terms of the Programme are modified or amended in a manner which would make the Base Listing Particulars inaccurate or misleading, new Base Listing Particulars will be prepared and published by the Issuer and the Guarantor in a form approved by the Dealers. | | |
| (e) | Upon any supplement or replacement Base Listing Particulars being prepared and published as provided above the Issuer and the Guarantor shall promptly without cost to the Dealers supply to each Dealer such number of copies of such supplement or replacement Base Listing Particulars as each Dealer may reasonably request.  Until a Dealer receives such supplement or replacement Base Listing Particulars, as the case may be, the definition of Base Listing Particulars in subclause 1.1 shall, in relation to such Dealer, mean the Base Listing Particulars prior to the publication of such supplement or replacement Base Listing Particulars, as the case may be. | | |
| **5.3** | **Listing** | | |
| (a) | The Issuer confirms that it has made or caused to be made an application for the Programme to be listed on the Market. | | |
| (b) | If, in relation to any issue of Notes, it is agreed between the Issuer and the relevant Dealer or the Lead Manager, as the case may be, to list the Notes on a Stock Exchange, the Issuer undertakes to use its reasonable endeavours to obtain and maintain the listing of the Notes on that Stock Exchange.  If any Notes cease to be listed on the relevant Stock Exchange, the Issuer shall use its reasonable endeavours promptly to list the Notes on a stock exchange to be selected by the Issuer and promptly notified to the relevant Dealer or, as the case may be, the Lead Manager. For the avoidance of doubt, where the Issuer has obtained the listing of Notes on a regulated market in the European Economic Area or on the London Stock Exchange’s main market, the undertaking extends to maintaining that listing or, if this is not possible, to obtaining listing of the relevant Notes on another European Economic Area regulated market or on the London Stock Exchange’s main market (as the case may be). | | |
| (c) | Each of the Issuer and the Guarantor shall comply with the rules of each relevant Stock Exchange (or any other relevant authority or authorities) and shall otherwise comply with any undertakings given by it from time to time to the relevant Stock Exchange (or any other relevant authority or authorities) in connection with the listing of any Notes on that Stock Exchange and, without prejudice to the | | |
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|  | generality of the foregoing, shall furnish or procure to be furnished to the relevant Stock Exchange (or any other relevant authority or authorities) all the information which the relevant Stock Exchange (or any other relevant authority or authorities) may require in connection with the listing on that Stock Exchange of any Notes. |
| **5.4** | **The Agreements** |

Each of the Issuer and the Guarantor undertakes that it will not:

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|  | (a) | except with the consent of the Dealers, terminate any of the Agreements to which it is a party or effect or permit to become effective any amendment to any such Agreement which, in the case of an amendment, would or might adversely affect the interests of any Dealer or of any holder of Notes issued before the date of the amendment; or |
|  | (b) | except with the consent of the Dealers, appoint a different Fiscal Agent or Registrar under the Agency Agreement, |

and the Issuer and the Guarantor will promptly notify each of the Dealers of any termination of, or amendment to, any of the Agreements to which it is a party and of any change in the Fiscal Agent or Registrar under the Agency Agreement.

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| **5.5** | **Lawful compliance** |

Each of the Issuer and the Guarantor will at all times ensure that all necessary action is taken and all necessary conditions are fulfilled (including, without limitation, obtaining and, where relevant, maintaining in full force and effect all necessary permissions, consents or approvals of all relevant governmental authorities) so that it may lawfully comply with its obligations under all Notes and the Agreements to which it is a party and, further, so that it may comply with any applicable laws, regulations and guidance from time to time promulgated by any governmental and regulatory authorities relevant in the context of the Agreements and the issue of any Notes.

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| **5.6** | **Authorised representative** |

The Issuer will notify the Dealers immediately in writing if any of the persons named in the list referred to in paragraph 3 of Part 1 of the Initial Documentation List ceases to be authorised to take action on its behalf or if any additional person becomes so authorised together, in the case of an additional authorised person, with evidence satisfactory to the Dealers that such person has been so authorised.

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| **5.7** | **Auditors' comfort letters** |

The Issuer will:

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|  | (a) | at the time of the preparation of the initial Base Listing Particulars; | | |
|  | (b) | on each occasion when the Base Listing Particulars is updated or amended pursuant to subclause ‎5.2(a); | | |
|  | (c) | if so requested by the Arranger on behalf of the Dealers or the relevant Dealer or Lead Manager on each occasion when the Base Listing Particulars is revised, supplemented or amended (insofar as the revision, supplement, update or amendment concerns or contains financial information about the Issuer); and | | |
|  | (d) | whenever requested to do so by a Dealer (on the basis of reasonable grounds), | | |
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deliver, at the expense of the Issuer (failing which the Guarantor), to the Dealers a comfort letter or comfort letters from independent auditors of the Issuer in such form and with such content as the Dealers may reasonably request provided that no letter or letters will be delivered under subclause (c) above if the only revision, supplement or amendment concerned is the publication or issue of any interim or annual financial statements of the Issuer.

If at or prior to the time of any agreement to issue and purchase Notes under clause ‎2, a request is made under subclause (d) above with respect to the Notes to be issued, the receipt of the relevant comfort letter or letters in a form satisfactory to the relevant Dealer shall be a further condition precedent to the issue of those Notes to that Dealer.

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| **5.8** | **No other issues** |

During the period commencing on an Agreement Date and ending on the Issue Date with respect to any Notes which are to be listed, the Issuer will not, without the prior consent of the relevant Dealer or, as the case may be, the Lead Manager, issue or agree to issue any other listed notes, bonds or other debt securities of whatsoever nature (other than Notes to be issued to the same Dealer) where the notes, bonds or other debt securities would have the same maturity and currency as the Notes to be issued on the relevant Issue Date.

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| **5.9** | **Information on Noteholders' meetings** |

Each of the Issuer and the Guarantor will, at the same time as it is despatched, furnish the Dealers with a copy of every notice of a meeting of the holders of the Notes (or any of them) which is despatched at the instigation of the Issuer or the Guarantor and will notify the Dealers immediately upon its becoming aware that a meeting of the holders of the Notes (or any of them) has otherwise been convened.

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| **5.10** | **Ratings** |

Each of the Issuer and the Guarantor undertakes promptly to notify the Dealers of any change in the ratings given by S&P of the Issuer or the Guarantor and/or its or their respective debt and/or the Programme or upon it becoming aware that any such ratings are listed on "Creditwatch" or other similar publication of formal review by the relevant rating agency.

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| **5.11** | **Commercial Paper** |

In respect of any Tranche of Notes which has a maturity of less than one year from the date of issue, the Issuer will issue such Notes only if the following conditions apply (or the Notes can otherwise be issued without contravention of Section 19 of the FSMA):

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|  | (a) | the relevant Dealer covenants in the terms set out in subclause 3(a) of ‎Appendix 2; and |
|  | (b) | the redemption value of each Note is not less than £100,000 (or an amount of equivalent value denominated wholly or partly in a currency other than sterling), and no part of any Note may be transferred unless the redemption value of that part is not less than £100,000 (or such an equivalent amount). |
| **5.12** | **Sanctions** | |

Each of the Issuer and the Guarantor undertakes that it will not, directly or indirectly, use the proceeds of the offering and issue of any Notes, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other individual or entity (a **Person**):

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|  | (a) | to fund or facilitate directly or indirectly any activities or business of or with or involving any Person or in or involving any country or territory that, at the time of such funding or facilitation, is the target of Sanctions; or |
|  | (b) | in any other manner that will result in a violation of Sanctions by any Person (including any Person participating in the offering, whether as underwriter, advisor, investor or otherwise). |
| **5.13** | **Use of Proceeds** | |

The Issuer undertakes that it will use the net proceeds received by it from the issue of any Notes in the manner specified in the Base Listing Particulars.

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| **5.14** | **Announcements** |

Each of the Issuer and the Guarantor undertakes that it will not, between the Agreement Date and the Issue Date of the relevant Notes (both dates inclusive), without the prior approval of the relevant Dealer or the Lead Manager on behalf of the Managers (where more than one Dealer has agreed to purchase a particular Tranche of Notes), make any announcement which could have a material adverse effect on the marketability of the Notes, *provided that*, the undertaking in this subclause 5.13 does not apply to the extent that neither of them is required by any applicable laws, rules or regulations (including without limitation, pursuant to the Listing Rules).

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| **6.** | **INDEMNITY** | |
| 6.1 | Without prejudice to the other rights or remedies of the Dealers, each of the Issuer and the Guarantor jointly and severally undertakes to each Dealer that if that Dealer or any Relevant Party relating to that Dealer incurs any liability, damages, cost, loss or expense (including, without limitation, properly incurred legal fees, costs and expenses) (a **Loss**) arising out of, in connection with, or based on: | |
|  | (a) | any failure by the Issuer to issue on the agreed Issue Date any Notes which a Dealer has agreed to purchase; or |
|  | (b) | any actual or alleged breach of the representations, warranties and undertakings contained in, or made or deemed to be made by the Issuer and/or the Guarantor under, this Agreement; or |
|  | (c) | any untrue or misleading (or allegedly untrue or misleading) statement in, or any omission (or alleged omission) from, the Base Listing Particulars; or |
|  | (d) | any untrue or misleading (or allegedly untrue or misleading) statement in any additional written information provided by the Issuer and/or the Guarantor to the Dealers under clause ‎7, |

the Issuer or, as the case may be, the Guarantor shall pay to that Dealer on demand an amount equal to such Loss. No Dealer shall have any duty or obligation, whether as fiduciary or trustee for any Relevant Party or otherwise, to recover any such payment or to account to any other person for any amounts paid to it under this subclause ‎6.1.

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| 6.2 | In case any action shall be brought against any Relevant Party in respect of which recovery may be sought from the Issuer and/or the Guarantor, as the case may be, under this clause ‎6, the relevant Dealer shall promptly notify the Issuer and/or the Guarantor, as the case may be, in writing but failure to do so will not relieve the Issuer or the Guarantor from any liability under this Agreement.  Subject to subclause ‎6.3, the Issuer or, as the case may be, the Guarantor may participate at its own expense in the defence of any action. | | |
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| 6.3 | If it so elects within a reasonable time after receipt of the notice referred to in subclause ‎6.2, the Issuer or, as the case may be, the Guarantor may, assume the defence of the action with legal advisers chosen by it and approved by the Relevant Party. Notwithstanding such election, a Relevant Party may employ one separate firm of legal advisers, and the Issuer or the Guarantor shall bear the fees and expenses of such separate firm of legal advisers, if: | |
|  | (a) | the use of the legal advisers chosen by the Issuer or the Guarantor to represent the Relevant Party would present such legal advisers with a conflict of interest; |
|  | (b) | the actual or potential defendants in, or targets of, any such action include both the Relevant Party and the Issuer or the Guarantor and the Relevant Party concludes that there may be legal defences available to it and/or other Relevant Parties which are different from or additional to those available to the Issuer or the Guarantor; |
|  | (c) | the Issuer or the Guarantor has not employed legal advisers satisfactory to the Relevant Party to represent the Relevant Party within a reasonable time after notice of the institution of such action; or |
|  | (d) | the Issuer or the Guarantor authorises the Relevant Parties to employ separate legal advisers at the expense of the Issuer or the Guarantor. |

If the Issuer or, as the case may be, the Guarantor assumes the defence of the action, the Issuer or, as the case may be, the Guarantor shall not be liable for any fees and expenses of legal advisers of the Relevant Party incurred thereafter in connection with the action, except as stated above.

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| 6.4 | Neither the Issuer nor the Guarantor shall be liable in respect of any settlement of any action effected without its consent, such consent not to be unreasonably withheld or delayed.  Neither the Issuer nor the Guarantor shall, without the prior written consent of the Relevant Party, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or action in respect of which recovery may be sought hereunder (whether or not any Relevant Party is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of each Relevant Party from all liability arising out of such claim or action and does not include a statement as to or an admission of fault, culpability or failure to act by or on behalf of each Relevant Party. |
| **7.** | **AUTHORITY TO DISTRIBUTE DOCUMENTS AND PROVIDE INFORMATION** |

Subject to clause ‎8, each of the Issuer and the Guarantor authorises each of the Dealers on behalf of the Issuer and the Guarantor to provide copies of, and to make oral statements consistent with, the Base Listing Particulars and such additional written information as the Issuer and/or the Guarantor shall provide to the Dealers or approve for the Dealers to use or such other information as is in the public domain to actual and potential purchasers of Notes.

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| **8.** | **DEALERS' UNDERTAKINGS** | | |
| 8.1 | Each Dealer severally agrees to comply with the restrictions and agreements set out in ‎Appendix 2 unless otherwise agreed with the Issuer. | | |
| 8.2 | Without prejudice to the other rights and remedies of the Issuer or the Guarantor, each Dealer severally undertakes with the Issuer and the Guarantor that it will hold the Issuer and the Guarantor (together with each of their respective directors, officers, employees and agents) indemnified against any losses, liabilities, costs, claims, charges or expenses which any of them may incur or which may be made against any of them as a result of any breach by that Dealer of any of its undertakings contained in subclause ‎8.1 provided that, no Dealer shall be liable to hold any person indemnified | | |
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|  | under this subclause 8.2 against any losses, liabilities, costs, claims, charges or expenses, arising from the sale of Notes to any person believed in good faith by that Dealer to be a person to whom Notes could legally be sold in compliance with the provisions of ‎Appendix 2. | | | |
| **9.** | **FEES, EXPENSES AND STAMP DUTIES** | | | |
| 9.1 | The Issuer, failing which the Guarantor, undertakes that it will: | | | |
|  | (a) | pay to each Dealer all commissions agreed between the Issuer and that Dealer in connection with the sale of any Notes to that Dealer (and any value added tax properly chargeable thereon (to the extent that the Dealer or another member of its group is required to account to any relevant tax authority for that value added tax) or other tax thereon); | | |
|  | (b) | pay (together with any value added tax or other tax thereon): | | |
|  | | (i) | the fees and expenses of its legal advisers and auditors; | | |
|  | | (ii) | the cost of listing and maintaining the listing of any Notes which are to be listed on a Stock Exchange; | | |
|  | | (iii) | the cost of obtaining any credit rating for the Notes; | | |
|  | | (iv) | the fees and expenses of the Agents, the Registrar and all other agents appointed under the Agency Agreement; and | | |
|  | | (v) | all costs and expenses properly incurred in connection with (A) the establishment of the Programme and (B) each future update of the Programme including, but not limited to, the preparation and printing of the Base Listing Particulars all amendments and supplements to it, replacements of it and each update to it and the cost of any publicity agreed by the Issuer or the Guarantor; | | |
|  | (c) | pay the fees and disbursements of the legal advisers appointed to represent the Dealers (including any value added tax or other tax thereon) in connection with the establishment and each update of the Programme; | | |  |
|  | (d) | pay promptly, and in any event before any penalty becomes payable, any stamp, documentary, registration or similar duty or tax (including any stamp duty reserve tax) payable in the United Kingdom, the United States, Belgium, Luxembourg and/or Ireland in connection with the entry into, performance, enforcement or admissibility in evidence of any Note, any of the Agreements or any communication pursuant thereto and indemnify each Dealer against any liability with respect to or resulting from any delay in paying or omission to pay any such duty or tax; and | | |  |
|  | (e) | reimburse each Dealer for its costs and expenses properly incurred in protecting or enforcing any of its rights under this Agreement (including any value added tax or other tax thereon). | | |  |
| 9.2 | All payments by the Issuer and the Guarantor under this Agreement shall be paid without set-off or counterclaim, and free and clear of and without deduction or withholding for or on account of, any present or future taxes, levies, imports, duties, fees, assessments or other charges of whatever nature, imposed by the United States or by any department, agency or other political sub-division or taxing authority thereof or therein, and all interest, penalties or similar liabilities with respect thereto (**Taxes**).  If any Taxes are required by law to be deducted or withheld in connection with any such payment, the Issuer or, as the case may be, the Guarantor will increase the amount paid so that the full amount of such payment is received by the payee as if no such deduction or withholding had | | | |  |
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|  | been made.  In addition, each of the Issuer and the Guarantor agrees to indemnify and hold the Dealers harmless against any Taxes which they are required to pay in respect of any amount paid by the Issuer or, as the case may be, the Guarantor under this Agreement. |
| **10.** | **TERMINATION OF APPOINTMENT OF DEALERS** |

The Issuer and the Guarantor or (as to itself) a Dealer may terminate the arrangements described in this Agreement by giving not less than 30 days' written notice to the other parties. The Issuer and the Guarantor may terminate the appointment of a Dealer or Dealers by giving not less than 30 days' written notice to such Dealer or Dealers (with a copy to all the other Dealers and the Fiscal Agent). Termination shall not affect any rights or obligations (including but not limited to those arising under clauses 6, 8 and/or 9) which have accrued at the time of termination or which accrue thereafter in relation to any act or omission or alleged act or omission which occurred before termination.

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| **11.** | **APPOINTMENT OF NEW DEALERS** | | |
| 11.1 | The Issuer and the Guarantor may at any time appoint one or more New Dealers for the duration of the Programme or, with regard to an issue of a particular Tranche of Notes, one or more New Dealers for the purposes of that Tranche, in either case upon the terms of this Agreement.  Unless an appointment is made in a Subscription Agreement any appointment shall be made by: | | |
|  | (a) | the delivery by the New Dealer to the Issuer of an appropriate Dealer Accession Letter; and | |
|  | (b) | the delivery by the Issuer to the New Dealer of an appropriate Confirmation Letter. | |
| 11.2 | Upon receipt of the relevant Confirmation Letter or execution of the relevant Subscription Agreement, as the case may be, each New Dealer shall, subject to the terms of the relevant Dealer Accession Letter or the relevant Subscription Agreement, as the case may be, become a party to this Agreement, vested with all authority, rights, powers, duties and obligations of a Dealer as if originally named as a Dealer under this Agreement provided that, except in the case of the appointment of a New Dealer for the duration of the Programme, following the Issue Date of the relevant Tranche, the relevant New Dealer shall have no further such authority, rights, powers, duties or obligations except for any which have accrued or been incurred prior to, or in connection with, the issue of the relevant Tranche. | | |
| 11.3 | The Issuer shall promptly notify the other Dealers and the Fiscal Agent of any appointment of a New Dealer for the duration of the Programme by supplying to them a copy of any Dealer Accession Letter and Confirmation Letter.  Such notice shall be required to be given in the case of an appointment of a New Dealer for a particular Tranche of Notes to the Fiscal Agent only. | | |
| **12.** | **INCREASE IN THE AGGREGATE NOMINAL AMOUNT OF THE PROGRAMME** | | |
| 12.1 | From time to time the Issuer and the Guarantor may increase the aggregate nominal amount of the Notes that may be issued under the Programme by delivering to the Dealers (with a copy to the Fiscal Agent) a letter substantially in the form set out in ‎Appendix 4.  Upon the date specified in the notice (which date may not be earlier than seven London business days after the date the notice is given) and subject to satisfaction of the conditions precedent set out in subclause ‎12.2, all references in the Agreements to a Euro Medium Term Note Programme of a certain nominal amount shall be deemed to be references to a Euro Medium Term Note Programme of the increased nominal amount. | | |
| 12.2 | Notwithstanding subclause ‎12.1, the right of the Issuer and the Guarantor to increase the aggregate nominal amount of the Programme shall be subject to each Dealer having received and found satisfactory all the documents and confirmations described in Part 2 of the Initial Documentation List (with such changes as may be relevant with reference to the circumstances at the time of the | | |
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|  | proposed increase as are agreed between the Issuer, the Guarantor and the Dealers), and the satisfaction of any further conditions precedent that any of the Dealers may reasonably require, including, without limitation, the production of a new Base Listing Particulars or a supplement to the Base Listing Particulars by the Issuer and the Guarantor and any further or other documents required by the relevant authority or authorities for the purpose of listing any Notes to be issued under the increased Programme on the relevant Stock Exchange.  The Arranger shall circulate to the Dealers all the documents and confirmations described in Part 2 of the Initial Documentation List and any further conditions precedent so required.  Any Dealer must notify the Arranger and the Issuer within seven London business days of receipt if it considers, in its reasonable opinion, that any of the documents, confirmations and, if applicable, further conditions precedent are unsatisfactory and, in the absence of such notification, each Dealer shall be deemed to consider the documents and confirmations to be satisfactory and any further conditions precedent to be satisfied. |
| **13.** | **STATUS OF THE ARRANGER AND DEALERS** |
| 13.1 | Each of the Dealers agrees that the Arranger has only acted in an administrative capacity to facilitate the establishment and/or maintenance of the Programme and has no responsibility to it for (a) the adequacy, accuracy, completeness or reasonableness of any representation, warranty, undertaking, agreement, statement or information in the Base Listing Particulars, any Pricing Supplement, this Agreement or any information provided in connection with the Programme or (b) the nature and suitability to it of all legal, tax and accounting matters and all documentation in connection with the Programme or any Tranche. |
| 13.2 | The Arranger shall have only those duties, obligations and responsibilities expressly specified in this Agreement. |
| 13.3 | Each of the Dealers agrees that a determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the **MiFID** **Product Governance Rules**) and/or the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**), as applicable, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but that, otherwise, neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules and/or the UK MiFIR Product Governance Rules, respectively. |
| **14.** | **NO FIDUCIARY DUTIES** |

Each of the Issuer and the Guarantor acknowledges and agrees that each Dealer is acting solely pursuant to a contractual relationship with the Issuer and the Guarantor on an arm’s length basis with respect to the issue, offer and sale of the Notes (including in connection with determining the terms of the issue, offer and sale of the Notes) and not as a financial adviser or a fiduciary to the Issuer or the Guarantor or any other person. Additionally, each of the Issuer and the Guarantor acknowledges that the Dealers are not advising the Issuer, the Guarantor or any other person as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction. Each of the Issuer and the Guarantor shall consult with its own advisers concerning such matters and shall be responsible for making its own independent investigation and appraisal of the transactions contemplated hereby, and the Dealers shall have no responsibility or liability to the Issuer or the Guarantor with respect thereto. Each of the Issuer and the Guarantor further acknowledges and agrees that any review by the Dealers of the Issuer, the Guarantor, the issue, offer and sale of the Notes, the terms of the Notes, and other matters relating thereto will be performed solely for the benefit of the Dealers and shall not be on behalf of the Issuer or any other person.

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| **15.** | **COMMUNICATIONS** | |
| 15.1 | All communications shall be by fax, e-mail or letter delivered by hand or (but only where specifically provided in the Procedures Memorandum) by telephone.  Each communication shall be made to the relevant party by using the relevant fax number, e-mail address, address or telephone number and, in the case of a communication by fax, e-mail or letter, marked for the attention of, or (in the case of a communication by telephone) made to, the person or department from time to time specified in writing by that party to the others for the purpose.  To the extent available, the initial telephone number, fax number, e-mail address, address and person or department so specified by each party are set out in the Procedures Memorandum (or, in the case of a New Dealer not originally party hereto but appointed for the duration of the Programme in accordance with clause 11, specified by notice to the Issuer, the Guarantor and the other Dealers at or about the time of its appointment as a Dealer). | |
| 15.2 | A communication shall be deemed received (if by fax) when an acknowledgement of receipt is received, (if by telephone) when made, (if by e-mail) when sent, subject to no delivery failure notification being received by the sender within 24 hours of the time of sending or (if by letter) when delivered, in each case in the manner required by this clause.  However, if a communication is received after business hours on any business day (in the place of the recipient) or on a day which is not a business day in the place of receipt it shall be deemed to be received and become effective at the opening of business on the next business day in the place of receipt.  Every communication shall be irrevocable save in respect of any manifest error in it. | |
| 15.3 | Any notice given under or in connection with this Agreement shall be in English.  All other documents provided under or in connection with this Agreement shall be: | |
|  | (a) | in English; or |
|  | (b) | if not in English, accompanied by a certified English translation and, in this case, the English translation shall prevail unless the document is a statutory or other official document. |
| **16.** | **BENEFIT OF AGREEMENT** | |
| 16.1 | This Agreement shall be binding on and shall inure for the benefit of the Issuer, the Guarantor and each Dealer and their respective successors and permitted assigns. | |
| 16.2 | A Dealer may only assign or transfer its rights or obligations under this Agreement with the prior written consent of the Issuer and the Guarantor except for an assignment and/or transfer of all of a Dealer's rights and obligations under this Agreement in whatever form the Dealer determines may be appropriate to a partnership, corporation, trust or other organisation in whatever form that may succeed to, or to which the Dealer transfers, all or substantially all of the Dealer's assets and business and that assumes the obligations by contract, operation of law or otherwise.  Upon any transfer and assumption of obligations the Dealer shall be relieved of and fully discharged from all obligations under this Agreement, whether the obligations arose before or after the transfer and assumption. | |
| **17.** | **CURRENCY INDEMNITY** | |

If, under any applicable law and whether pursuant to a judgment being made or registered against the Issuer or the Guarantor or in the liquidation, insolvency or analogous process of the Issuer or the Guarantor or for any other reason, any payment under or in connection with this Agreement is made or falls to be satisfied in a currency (the **other currency**) other than that in which the relevant payment is expressed to be due (the **required currency**) under this Agreement, then, to the extent that the payment (when converted into the required currency at the rate of exchange on the date of payment or, if it is not practicable for the relevant Dealer to purchase the required currency with the

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other currency on the date of payment, at the rate of exchange as soon thereafter as it is practicable for it to do so or, in the case of a liquidation, insolvency or analogous process, at the rate of exchange on the latest date permitted by applicable law for the determination of liabilities in such liquidation, insolvency or analogous process) actually received by the relevant Dealer falls short of the amount due under the terms of this Agreement, the Issuer and the Guarantor jointly and severally undertakes that they shall, as a separate and independent obligation, indemnify and hold harmless the Dealer against the amount of such shortfall. For the purpose of this clause **rate of exchange** means the rate at which the relevant Dealer is able on the London foreign exchange market on the relevant date to purchase the required currency with the other currency and shall take into account any premium and other reasonable costs of exchange.

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| **18.** | **CALCULATION AGENT** |
| 18.1 | In the case of any Series of Notes which require the appointment of a Calculation Agent, the relevant Dealer or, as the case may be, the Lead Manager may request the Issuer to appoint that Dealer or the relevant Lead Manager, or a person nominated by such Dealer or the relevant Lead Manager (a **Nominee**), as Calculation Agent. |
| 18.2 | Should a request be made to the Issuer for the appointment of that Dealer or the relevant Lead Manager as the Calculation Agent, the appointment shall be automatic upon the issue of the relevant Series of Notes and shall, except as agreed, be on the terms set out in the Calculation Agency Agreement set out in Schedule 1 to the Agency Agreement, and no further action shall be required to effect the appointment of the relevant Dealer or the relevant Lead Manager as Calculation Agent in relation to that Series of Notes, and the Schedule to the Calculation Agency Agreement shall be deemed to be duly annotated to include that Series.  The name of the Dealer or relevant Lead Manager so appointed will be entered in the applicable Pricing Supplement. |
| 18.3 | Should a request be made to the Issuer for the appointment of a Nominee as the Calculation Agent, the Nominee shall agree with the Issuer in writing to its appointment as Calculation Agent on the terms set out in the Calculation Agency Agreement set out in Schedule 1 to the Agency Agreement and no further action shall be required to effect the appointment of the Nominee as Calculation Agent in relation to that Series of Notes, and the Schedule to the Calculation Agency Agreement shall be deemed to be duly annotated to include that Series.  The name of the Nominee so appointed will be entered in the applicable Pricing Supplement. |
| **19.** | **STABILISATION** |

In connection with the distribution of any Notes, any Dealer designated as a Stabilisation Manager in the applicable Pricing Supplement may over-allot or effect transactions which support the market price of the Notes at a level higher than that which might otherwise prevail, but in doing so such Dealer shall act as principal and not as agent of the Issuer or the Guarantor. Any stabilisation will be conducted in accordance with all applicable regulations. Any loss resulting from over-allotment and stabilisation shall be borne, and any net profit arising therefrom shall be retained, as against the Issuer, by any Stabilisation Manager for its own account.

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| **20.** | **RECOGNITION OF BAIL-IN POWERS** |

Notwithstanding and to the exclusion of any other term of this Agreement or any other agreements, arrangements, or understandings between the Issuer, the Guarantor and the Dealers, the Issuer and the Guarantor acknowledges and accepts that a BRRD Liability arising under this Agreement may be subject to the exercise of Bail-in Powers by the Relevant Resolution Authority and acknowledges, accepts, consents and agrees to be bound by:

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|  | (a) | | the effect of the exercise of Bail-in Powers by any Relevant Resolution Authority in relation to any BRRD Liability of any Dealer to the Issuer or the Guarantor, under this Agreement, that (without limitation) may include and result in any of the following, or some combination thereof: | |
|  | | (i) | | the reduction of all, or a portion of, any BRRD Liability or outstanding amounts due thereon; |
|  | | (ii) | | the conversion of all, or a portion, of any BRRD Liability into shares, other securities or other obligations of any Dealer or another person (and the issue to or conferral on the Issuer of such shares, securities or obligations); |
|  | | (iii) | | the cancellation of any BRRD Liability; or |
|  | | (iv) | | the amendment or alteration of any interest, if applicable, thereon, the maturity or the dates on which any payments are due, including by suspending payment for a temporary period; and |
|  | (b) | | the variation of the terms of this Agreement, as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of Bail-in Powers by any Relevant Resolution Authority. | |

In this Clause 20:

**Bail-in Legislation** means in relation to a member state of the European Economic Area which has implemented, or which at any time implements, the BRRD, the relevant implementing law, regulation, rule or requirement as described in the EU Bail-in Legislation Schedule from time to time;

**Bail-in Powers** means any Write Down and Conversion Powers as defined in the EU Bail-in Legislation Schedule, in relation to the relevant Bail-in Legislation;

**BRRD** means Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms;

**BRRD Liability** means a liability in respect of which the relevant Write Down and Conversion Powers in the applicable Bail-in Legislation may be exercised;

**EU Bail-in Legislation Schedule** means the document described as such, then in effect, and published by the Loan Market Association (or any successor person) from time to time athttp://www.lma.eu.coom/pages.aspx?p=499; and

**Relevant Resolution Authority** means each resolution authority with the ability to exercise any Bail-in Powers in relation to each Dealer.

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| **21.** | **RECOGNITION OF THE U.S. SPECIAL RESOLUTION REGIMES** | | |
| 21.1 | In the event that any Dealer that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer from such Dealer of this Agreement and any agreement for the issue and purchase of Notes as referred to in clause 2, and any interest and obligation in or under this Agreement and any agreement for the issue and purchase of Notes as referred to in clause 2, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement and any agreement for the issue and purchase of Notes as referred to in | | |
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|  | clause 2, and any such interest and obligation, were governed by the laws of the United States or a state of the United States. |
| 21.2 | In the event that any Dealer that is a Covered Entity or a Covered Affiliate of such Dealer becomes subject to a proceeding under a U.S. Special Resolution Regime, any Default Rights under this Agreement and any agreement for the issue and purchase of Notes as referred to in clause 2 that may be exercised against such Dealer are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement and any agreement for the issue and purchase of Notes as referred to in clause 2 were governed by the laws of the United States or a state of the United States. |
| **22.** | **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999** |

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

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| **23.** | **GOVERNING LAW AND SUBMISSION TO JURISDICTION** |
| **23.1** | **Governing Law** |

This Agreement and every agreement for the issue and purchase of Notes as referred to in clause **‎**2 and any non-contractual obligations arising out of or in connection with such agreements are governed by, and shall be construed in accordance with, English law.

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| **23.2** | **Jurisdiction** |
| (a) | Subject to subclause (c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement and every agreement for the issue and purchase of Notes as referred to in clause 2, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with this Agreement and every agreement for the issue and purchase of Notes as referred to in clause 2 (a **Dispute**) and each party submits to the exclusive jurisdiction of the English courts. |
| (b) | For the purpose of this subclause 23.2, the Issuer and the Guarantor each waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute. |
| (c) | To the extent allowed by law, the Dealers may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions. |
| **23.3** | **Service of process** |

The Issuer and the Guarantor each irrevocably appoints Airbags International Limited at Viking Way, Congleton, Cheshire CW12 1TT as its agent under this Agreement for service of process in any proceedings before the English courts in relation to any Dispute and agrees that, in the event of Airbags International Limited being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute on terms acceptable to the Dealers, failing which the Dealers may appoint another process agent for this purpose. The Issuer and the Guarantor each agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing in this clause shall affect the right to serve process in any other manner permitted by law.

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| **23.4** | **Waiver of trial by jury** |

Without prejudice to subclause 23.2, the Issuer and the Guarantor each waives any right it may have to a jury trial of any claim or cause of action in connection with this Agreement or any transaction contemplated by this Agreement. This Agreement may be filed as a written consent to a bench trial.

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| **24.** | **GENERAL** |
| 24.1 | This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement. |
| 24.2 | If any provision in or obligation under this Agreement is or becomes invalid, illegal or unenforceable in any respect under the law of any jurisdiction, that will not affect or impair (i) the validity, legality or enforceability under the law of that jurisdiction of any other provision in or obligation under this Agreement, and (ii) the validity, legality or enforceability under the law of any other jurisdiction of that or any other provision in or obligation under this Agreement. |

**THIS AGREEMENT** has been entered into on the date stated at the beginning of this Agreement.

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**INITIAL DOCUMENTATION LIST**

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| 1. | A certified copy of the constitutional documents of the Issuer and the Guarantor. | | |
| 2. | A certified copy of all resolutions and other authorisations required to be passed or given, and evidence of any other action required to be taken, on behalf of the Issuer and the Guarantor: | | |
|  | (a) | to approve its entry into the Agreements to which it is a party, the creation of the Programme and the issue of Notes; | |
|  | (b) | to authorise appropriate persons to execute each of the Agreements to which it is a party and any Notes and to take any other action in connection therewith; and | |
|  | (c) | to authorise appropriate persons to enter into agreements with any Dealer on behalf of the Issuer to issue Notes in accordance with clause ‎2 of this Agreement. | |
| 3. | A certified list of the names, titles and specimen signatures of the persons authorised on behalf of the Issuer and the Guarantor in accordance with paragraph 2(c). | | |
| 4. | Confirmation that one or more master Global Notes (from which copies can be made for each particular issue of Notes), duly executed by a person or persons authorised to take action on behalf of the Issuer as specified in paragraph 2(b) above, have been delivered to the Fiscal Agent and the Registrar, as appropriate. | | |
| 5. | Legal opinions addressed to each of the Dealers dated on or after the date of this Agreement, in such form and with such content as the Dealers may reasonably require, from: | | |
|  | (a) | Hogan Lovells US LLP, legal advisers to the Issuer and the Guarantor as to the laws of the United States; | |
|  | (b) | Richards, Layton & Finger, P.A., legal advisers to the Issuer as to the laws of the State of Delaware; | |
|  | (c) | Ice Millar LLP, legal advisers to the Guarantor as to the laws of the State of Indiana; and | |
|  | (d) | Allen & Overy LLP, legal advisers to the Dealers as to English law. | |
| 6. | A conformed copy of each Agreement and confirmation that executed copies of each Agreement have been delivered, in the case of the Agency Agreement, to the Fiscal Agent (for itself and the other agents party thereto), in the case of the Deed of Covenant, to a common depositary for Euroclear and Clearstream, Luxembourg and, in the case of the Guarantee, to the Fiscal Agent. | | |
| 7. | Confirmation of the execution and delivery by the Issuer of the Programme effectuation authorisation to each of Euroclear and Clearstream, Luxembourg (the **ICSDs**) and the execution and delivery of an Issuer-ICSD Agreement by the parties thereto. | | |
| 8. | Confirmation that the Base Listing Particulars has been approved by Euronext Dublin. | | |
| 9. | Comfort letter from Ernst & Young AB as independent auditors of the Issuer in such form and with such content as the Dealers may reasonably request. | | |
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| 10. | A certificate signed by the chief financial officer of the Issuer in such form and with such content as the Dealers may reasonably request. | | |
| 11. | Confirmation that the Programme has been rated BBB by S&P. | | |
| 12. | Letter from Airbags International Limited confirming its acceptance as agent for service of process of the Issuer and the Guarantor. | | |
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| 1. | A certified copy of the constitutional documents of the Issuer and the Guarantor or confirmation that they have not been changed since they were last submitted to the Dealers. | | |
| 2. | A certified copy of all resolutions and other authorisations required to be passed or given, and evidence of any other action required to be taken, on behalf of the Issuer and the Guarantor to approve the increase in the amount of the Programme. | | |
| 3. | Certified copies of any other governmental or other consents, authorisations and approvals required for the increase. | | |
| 4. | Confirmation that one or more master Global Notes (from which copies can be made for each particular issue of Notes), duly executed by a person or persons authorised to take action on behalf of the Issuer as specified in paragraph 2(b) of Part 1 of the Initial Documentation List, have been delivered to the Fiscal Agent and the Registrar, as appropriate. | | |
| 5. | Legal opinions addressed to each of the Dealers dated on or after the date of this Agreement, in such form and with such content as the Dealers may reasonably require, from: | | |
|  | (a) | Hogan Lovells, legal advisers to the Issuer and the Guarantor as to the laws of the United States; | |
|  | (b) | Richards, Layton & Finger, P.A., legal advisers to the Issuer as to the laws of the State of Delaware; | |
|  | (c) | Ice Millar LLP, legal advisers to the Guarantor as to the laws of the State of Indiana; and | |
|  | (d) | Allen & Overy LLP, legal advisers to the Dealers as to English law. | |
| 6. | Confirmation that (i) the Base Listing Particulars have been approved as a base prospectus by Euronext Dublin or (ii) the supplement has been approved by Euronext Dublin and, in each case, has been published. | | |
| 7. | Comfort letter from Ernst & Young AB as independent auditors of the Issuer in such form and with such content as the Dealers may reasonably request. | | |
| 8. | Confirmation from S&P that there has been no change in the rating assigned by them to the Programme as a result of the increase. | | |
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**SELLING RESTRICTIONS**

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| **1.** | **United States** |
| 1.1 | The Notes have not been and will not be registered under the Securities Act, or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from or not subject to, the registration requirements of the Securities Act.  Each Dealer represents and agrees that it has not offered, sold and delivered any Notes, and will not offer, sell and deliver any Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act.  Each Dealer also agrees that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect: |

"The Securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the Securities Act), or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Securities and except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S."

Terms used in this paragraph 1.1 have the meanings given to them by Regulation S.

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| 1.2 | | Each Dealer further represents and agrees that it, its affiliates or any persons acting on its or their behalf have not engaged and will not engage in any directed selling efforts with respect to any Note, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. |
| 1.3 | Each issue of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issue and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement.  The relevant Dealer agrees that it shall offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions. | |
| **2.** | | **Prohibition of Sales to EEA Retail Investors** |

Unless the Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer represents and agrees that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Base Listing Particulars as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

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|  | (a) | the expression **retail investor** means a person who is one (or more) of the following: | | | | |
|  | | | (i) | a retail client as defined in point (11) of Article 4(1) of MiFID II; or | | |
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|  | | (ii) | a customer within the meaning of Directive (EU) 2016/97 (the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. |
| **3.** | **Prohibition of Sales to UK Retail Investors** | | |

Unless the Pricing Supplement in respect of any Notes specifies “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Listing Particulars as completed by the Pricing Supplement, as the case may be in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision, the expression retail investor means a person who is one (or more) of the following:

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|  | (i) | a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or |
|  | (ii) | a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. |

**Other regulatory restrictions in the United Kingdom**

Each Dealer represents and agrees that:

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|  | (a) | | in relation to any Notes which have a maturity of less than one year (A) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (B) it has not offered or sold and will not offer or sell any Notes other than to persons: | | | |
|  | | (i) | | whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses; or | | |
|  | | (ii) | | who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer; | | |
|  | (b) | | it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and | | | |
|  | (c) | | it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom. | | | |
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| 4. | **Kingdom of** **Sweden** |

Each Dealer understands that the Base Listing Particulars is not a prospectus and has not been prepared in accordance with the prospectus requirements provided for in the EU Prospectus Regulation, the Act on Supplementary Provisions to the EU Prospectus Regulation (*lag (2019:414)* med *kompletterande bestämmelser till EU:s prospektförordning*), the Swedish Financial Instruments Trading Act (*lag (1991:980) om handel med finansiella instrument*) nor any other Swedish enactment. Neither the Swedish Financial Supervisory Authority (*Finansinspektionen*) nor any other Swedish public body has examined, approved or registered the Base Listing Particulars or will examine, approve or register the Base Listing Particulars.

Each Dealer represents and agrees that it will not, directly or indirectly, offer for subscription or purchase or issue invitations to subscribe for or buy or sell any Notes or distribute any draft or definite document in relation to any such offer, invitation or sale in the Kingdom of Sweden except in circumstances that will not result in a requirement to prepare a prospectus pursuant to the provisions of the EU Prospectus Regulation, the Act on Supplementary Provisions to the EU Prospectus Regulation, the Swedish Financial Instruments Trading Act nor any other Swedish enactment.

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| **5.** | **Singapore** |

Each Dealer acknowledges that the Base Listing Particulars has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer represents, warrants and agrees that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the Base Listing Particulars or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the **SFA**)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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| **6.** | **General** |

Each Dealer agrees that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes the Base Listing Particulars and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer, the Guarantor and any other Dealer shall have any responsibility therefor.

None of the Issuer, the Guarantor and any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with any additional restrictions agreed between the Issuer and the relevant Dealer and set out in the Subscription

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Agreement, Dealer Accession Letter or dealer confirmation (as contemplated by Annex 2 of the Procedures Memorandum), as relevant, or in the applicable Pricing Supplement.

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**FORMS OF DEALER ACCESSION LETTERS AND CONFIRMATION LETTERS**

**FORM OF DEALER ACCESSION LETTER – PROGRAMME**

[*Date*]

To:Autoliv, Inc.

(the **Issuer**)

Dear Sir or Madam,

**AUTOLIV, INC.**

**Euro Medium Term Note Programme**

We refer to the amended and restated Programme Agreement dated 19 February 2021 entered into in respect of the above Euro Medium Term Note Programme and made between the Issuer, Autoliv ASP, Inc., (the **Guarantor**) and the Dealers party to it (which agreement, as amended, supplemented or restated from time to time, is referred to as the **Programme Agreement**).

We confirm that we are in receipt of the following documents:

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| (a) | a copy of the Programme Agreement; and |
| (b) | a copy of current versions of all other documents delivered under ‎Appendix 1 to the Programme Agreement as we have requested, |

and have found them to our satisfaction.i

For the purposes of the Programme Agreement our notice details are as follows:

[*insert name, address, telephone, facsimile[, email address] and attention*].

In consideration of the appointment by the Issuer and the Guarantor of us as a Dealer under the Programme Agreement we undertake, for the benefit of the Issuer, the Guarantor and each of the other Dealers, that we will perform and comply with all the duties and obligations expressed to be assumed by a Dealer under the Programme Agreement.

[*Consider whether it is appropriate for the carve-out for the Blocking Regulations to apply to any new dealer and adapt as necessary.*]

This letter and any non-contractual obligations arising out of or in connection with this letter are governed by, and shall be construed in accordance with, English law.

Yours faithfully,

[*Name of New Dealer*]

By:

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| i | It is important to ensure that each original legal opinion and comfort letter permits it to be delivered to, and relied upon by, New Dealers, otherwise a side letter to this effect should be provided. | | | |
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cc:HSBC Bank plc as Fiscal Agent

The other Dealers

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**FORM OF CONFIRMATION LETTER – PROGRAMME**

[*Date*]

To:[Name and address of New Dealer]

Dear Sir or Madam,

**AUTOLIV, INC.**

**Euro Medium Term Note Programme**

We refer to the amended and restated Programme Agreement dated 19 February 2021 (which agreement, as amended, supplemented or restated from time to time, is referred to as the **Programme Agreement**) entered into in respect of the above Euro Medium Term Note Programme and acknowledge receipt of your Dealer Accession Letter to us dated [*specify*].

We confirm that, with effect from today's date, you shall become a Dealer under the Programme Agreement in accordance with subclause ‎11.2 of the Programme Agreement.

Yours faithfully,

Autoliv, Inc.

By:

cc:HSBC Bank plc as Fiscal Agent

The other Dealers

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**FORM OF DEALER ACCESSION LETTER – NOTE ISSUE**

[*Date*]

To:Autoliv, Inc.

(the **Issuer**)

Dear Sir or Madam,

**AUTOLIV, INC.**

***[Description of issue]***

(the **Notes**)

to be issued under the Euro Medium Term Note Programme

We refer to the amended and restated Programme Agreement dated 19 February 2021 and made between the Issuer Autoliv ASP, Inc., (the **Guarantor**) and the Dealers party to it (which agreement, as amended, supplemented or restated from time to time, is referred to as the **Programme Agreement**).

We confirm that we are in receipt of the following documents:

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| --- | --- |
| (a) | a copy of the Programme Agreement; and |
| (b) | a copy of current versions of all other documents delivered under ‎Appendix 1 of the Programme Agreement as we have requested, |

and have found them to our satisfaction.ii

For the purposes of the Programme Agreement our notice details are as follows:

[*insert name, address, telephone, facsimile[, e-mail address] and attention*].

In consideration of the appointment by the Issuer and the Guarantor of us as a Dealer under the Programme Agreement in respect of the issue of the Notes we undertake, for the benefit of the Issuer, the Guarantor and each of the other Dealers, that, in relation to the issue of the Notes, we will perform and comply with all the duties and obligations expressed to be assumed by a Dealer under the Programme Agreement.

[*Consider whether it is appropriate for the carve-out for the Blocking Regulations to apply to any new dealer and include as necessary.*]

[In connection with the Notes, we represent and agree that [***Include any additional selling restrictions***].]

This letter and any non-contractual obligations arising out of or in connection with this letter are governed by, and shall be construed in accordance with, English law.

Yours faithfully,

[*Name of New Dealer*]

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| ii | It is important to ensure that each original legal opinion and comfort letter permits it to be delivered to, and relied upon by, New Dealers, otherwise a side letter to this effect should be provided. | | | |
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By:

cc:HSBC Bank plc as Fiscal Agent

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**FORM OF CONFIRMATION LETTER – NOTE ISSUE**

[*Date*]

To:[Name and address of New Dealer]

Dear Sir or Madam,

**AUTOLIV, INC.**

***[Description of issue]***

(the **Notes**)

to be issued under the Euro Medium Term Note Programme

We refer to the amended and restated Programme Agreement dated 19 February 2021 (which agreement, as amended, supplemented or restated from time to time, is referred to as the **Programme Agreement**) and acknowledge receipt of your Dealer Accession Letter to us dated [*specify*].

We confirm that, with effect from today's date, in respect of the issue of the Notes, you shall become a Dealer under the Programme Agreement in accordance with subclause ‎11.2 of the Programme Agreement.

Yours faithfully,

Autoliv, Inc.

By:

cc:HSBC Bank plc as Fiscal Agent

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**LETTER REGARDING INCREASE IN THE NOMINAL AMOUNT OF THE PROGRAMME**

[*Date*]

To:The Dealers

(as defined in the

amended and restated Programme Agreement

dated 19 February 2021,

as amended, supplemented or restated from

time to time (the **Programme Agreement**))

Dear Sir or Madam,

**AUTOLIV, INC.**

**Euro Medium Term Note Programme**

We require, pursuant to subclause ‎12.1 of the Programme Agreement, that the aggregate nominal amount of the Programme be increased to [EUR] [*specify*] from [*specify date which is no earlier than seven London business days after the date the notice is given*] whereupon (but subject as provided in the next paragraph) all references in the Agreements will be deemed amended accordingly.

We understand that this increase is subject to the satisfaction of the condition set out in subclause ‎12.2 of the Programme Agreement, namely that each Dealer shall have received and found satisfactory all the documents and confirmations described in the Part 2 of the Initial Documentation List (with such changes as may be relevant, with reference to the circumstances at the time of the proposed increase, as are agreed between the Issuer and the Dealers) and the delivery of any further conditions precedent that any of the Dealers may reasonably require.

You must notify the Arranger and ourselves within seven London business days of receipt by you of those documents and confirmations and, if applicable, further conditions precedent if you consider (in your reasonable opinion) that any of them are unsatisfactory and, in the absence of such notification, you will be deemed to consider such documents and confirmations to be satisfactory and such further conditions precedent to be satisfied.

Terms used in this letter have the meanings given to them in the Programme Agreement.

Yours faithfully,

Autoliv, Inc.

By:

cc:HSBC Bank plc as Fiscal Agent

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**FORM OF SUBSCRIPTION AGREEMENT**

**AUTOLIV, INC.**

***[DESCRIPTION OF ISSUE]***

[*DATE*]

To:[*Insert legal name(s) of the Joint Lead Managers or the Lead Manager, as the case may be*]

(the [**Joint Lead Managers/Lead Manager**])

[and:[*Insert legal names of the Co-Managers*]

(the **Co-Managers** and, together with the [Joint Lead Managers/Lead Manager], the **Managers**)]

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|  | c/o[*Insert name and address of the Lead Manager or, as the case may be, the Joint Lead Manager with primary responsibility for documentation*] |

Dear Sir or Madam,

Autoliv, Inc. (the **Issuer**) proposes to issue [*DESCRIPTION OF ISSUE*] (the **Notes**) under the EUR 3,000,000,000 Euro Medium Term Note Programme established by it. The Notes will be unconditionally and irrevocably guaranteed by Autoliv ASP, Inc. (the **Guarantor**). The terms of the issue shall be as set out in the form of Pricing Supplement attached to this Agreement as Annexe A.

This Agreement is supplemental to the amended and restated Programme Agreement (the **Programme Agreement**) dated 19 February 2021 made between the Issuer, the Guarantor and the Dealers party thereto. All terms with initial capitals used herein without definition have the meanings given to them in the Programme Agreement.

We wish to record the arrangements agreed between us in relation to the issue:

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| 1. | [This Agreement appoints each [Joint Lead] Manager which is not a party to the Programme Agreement (each a **New Dealer**) as a New Dealer in accordance with the provisions of clause ‎11 of the Programme Agreement for the purposes of the issue of the Notes.  Each [Joint Lead] Manager confirms that it is in receipt of the documents referenced below: | |
|  | (i) | a copy of the Programme Agreement; and |
|  | (ii) | a copy of such of the documents delivered under ‎Appendix 1 of the Programme Agreement as it has requested. |

For the purposes of the Programme Agreement the details of each New Dealer for service of notices are as followsiii:

[*insert names, addresses, telephone, facsimile[, e-mail address] and attention details of each New Dealer or whether the notices will be delivered to the Managers c/o the Manager with primary responsibility for documentation*].

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| iii | The notice details that are inserted below may, if appropriate on an issue, also include notice details for various of the other Managers, in addition to each New Dealer. | | | |
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In consideration of the Issuer appointing each New Dealer as a Dealer in respect of the Notes under the Programme Agreement, each New Dealer hereby undertakes, for the benefit of the Issuer, the Guarantor and each of the other Dealers, that, in relation to the issue of the Notes, it will perform and comply with all the duties and obligations expressed to be assumed by a Dealer under the Programme Agreement, a copy of which it acknowledges it has received. The Issuer and the Guarantor each confirms that each New Dealer shall be vested with all authority, rights, powers, duties and obligations of a Dealer in relation to the issue of the Notes as if originally named as a Dealer under the Programme Agreement provided that following the Issue Date of the Notes each New Dealer shall have no further such authority, rights, powers, duties or obligations except for any which have accrued or been incurred prior to, or in connection with, the issue of the Notes.

[*Consider including this paragraph where a German resident new dealer is appointed.*] [Without prejudice to the rights of any [Joint Lead] Manager who has also been appointed as a Dealer generally in respect of the Programme, [each of] [*specify relevant New Dealer(s)*] agrees and confirms that, in relation to the Notes, it is not entitled to the benefit of the representation and warranty contained in subclause [4.1(o)] or subclause [5.12] of the Programme Agreement in so far as it would result in a violation of, or conflict with, Section 7 of the German Foreign Trade Regulation (*Außenwirtschaftsverordnung*) or any similar applicable anti-boycott law or regulation.]] [*Consider whether it is appropriate for the carve-out for the Blocking Regulations to apply to any new dealer and adapt as necessary.*]

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| 2. | | Subject to the terms and conditions of the Programme Agreement and this Agreement, the Issuer agrees to issue the Notes and the [Joint Lead Managers/Managers] jointly and severally agree to subscribe or procure subscribers for the Notes at a price of [*specify*] per cent. of the principal amount of the Notes (the **Purchase Price**), being the issue price of [*specify*] per cent. less [a selling [commission/concession] of [*specify*] per cent. of such principal amount][a combined management and underwriting commission of [*specify*] per cent. of such principal amount]. | | | |
| 3. | | [*Consider including the wording in this paragraph 3 and paragraph 4 below if the ICMA form of Confirmation to Managers has not been circulated.*][The [selling [commission/concession]][combined management and underwriting commission] specified in clause [2] above will be distributed [equally amongst the [Joint Lead] Managers.][amongst the [Joint Lead] Managers *pro rata* to their respective underwriting commitments as set out in the table attached to this Agreement as Annexe B.][as follows: | | | |
|  | (i) | | [*specify*] per cent. of the principal amount of the Notes will be distributed [equally amongst the Joint Lead Managers][amongst the Joint Lead Managers *pro rata* to their respective underwriting commitments as set out in the table attached to this Agreement as Annexe B][to the Lead Manager]; and | | |
|  | (ii) | | [*specify*] per cent. of the principal amount of the Notes will be distributed [equally amongst the Co-Managers.][amongst the Co-Managers *pro rata* to their respective underwriting commitments as set out in the table attached to this Agreement as Annexe B.]] | | |
| 4. | | [The [Joint Lead] Managers agree as between themselves that they will be bound by, and will comply with, the International Capital Market Association Standard Form English law "Agreement Among Managers Version 1: Fixed-Price Non Equity-Related Issues – with or without Selling Group" (the **Agreement Among Managers**) with respect to the Notes and further agree that (so far as the context permits) references in the Agreement Among Managers to the "Lead Manager" and the "Joint Bookrunners" shall mean the [Joint Lead Managers or the relevant Joint Lead Manager, as the case may be/Lead Manager], and references to the "Settlement Lead Manager" shall mean [the Lead Manager/*specify*], in each case with any consequential grammatical changes to the language of the Agreement Among Managers deemed to have been agreed to, and made by, the [Joint Lead] Managers. | | | |
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The [Joint Lead] Managers further agree for the purposes of the Agreement Among Managers that their respective underwriting commitments as between themselves will be as set out in the table attached to this Agreement as Annexe B, which shall constitute the Commitment Notification (as defined in the Agreement Among Managers).]

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| 5. | The settlement procedures set out in Part [        ] of Annex 1 to the Procedures Memorandum shall apply as if set out in this Agreement provided that, for the purposes of this Agreement: | |
|  | (i) | the sum payable on the Issue Date shall represent the Purchase Price[ less any amount payable in respect of the [Joint Lead] Managers' expenses as provided in [the agreement referred to in] clause 6 of this Agreement]; |
|  | (ii) | **Issue Date** means [*specify*] a.m. ([*specify*] time) on [*specify*] or such other time and/or date as the Issuer and the [Joint Lead Managers/Lead Manager] [on behalf of the Managers] may agree; and |
|  | (iii) | **Payment Instruction Date** means the Issue Date unless there is to be a pre-closing for the issue in which case it means the business day (being a day on which banks and foreign exchange markets are open for general business in London) prior to the Issue Date. |
| 6. | [*Tailor this paragraph as appropriate*][The arrangements in relation to expenses have been separately agreed between the Issuer, the Guarantor and the [Joint Lead Managers/Lead Manager].] | |

[The Issuer and the Guarantor shall pay all costs and expenses [(including the fees and disbursements of [*include legal counsel and/or auditors*][and [*specify*])] associated with the Notes, in each case together with any value added tax or other tax thereon.]

[The [Joint Lead Managers/Lead Manager/Managers] shall pay[, equally amongst themselves,/*pro rata* to their respective underwriting commitments as set out in the table attached to this Agreement as Annexe B/*specify*] the fees and disbursements of [*legal counsel and/or auditors*], [in each case] together with any value added tax or other tax thereon.]

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| 7. | The obligation of the [Joint Lead Managers/Managers] to purchase the Notes is conditional upon: | |
|  | (i) | the conditions set out in subclause ‎3.2 (other than that set out in subclause ‎3.2(f)) of the Programme Agreement being satisfied as of the Payment Instruction Date (on the basis that the references therein to **relevant Dealer** shall be construed as references to the [Joint Lead Managers/Lead Manager]) and without prejudice to the aforesaid, the Base Listing Particulars dated [*specify*] [, as supplemented by [         ],] containing all material information relating to the assets and liabilities, financial position, and profits and losses and prospects of the Issuer, the Guarantor and the Group and nothing having happened or being expected to happen which would require the Base Listing Particulars[, as so supplemented,] to be [further] supplemented or updated; and |
|  | (ii) | the delivery to the [Joint Lead Managers/Lead Manager] [on behalf of the Managers] on the Payment Instruction Date of: |

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|  | (A) | legal opinions addressed to the [Joint Lead] Managers dated the Payment Instruction Date in such form and with such contents as the [Joint Lead Managers/Lead Manager][, on behalf of the Managers,] may reasonably require from Hogan Lovells US LLP, the legal advisers to the Issuer and the Guarantor as to United States law, Richards, Layton & Finger, P.A., legal advisers to the Issuer as to State of Delaware law, Ice Millar LLP, the legal advisers to the Guarantor as to State of Indiana law | | |
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|  |  | and from Allen & Overy LLP, the legal advisers to the [Joint Lead] Managers as to English law; |
|  | (B) | a certificate dated the Payment Instruction Date signed by a duly authorised officer of the Issuer [and a certificate dated the Payment Instruction Date signed by a duly authorised officer of the Guarantor] giving confirmation to the effect stated in subclause (i) of this clause; |
|  | (C) | comfort letters dated [the date of this Agreement and] the Payment Instruction Date from the independent auditors of the Issuer, in such form and with such content as the [Joint Lead Managers/Lead Manager][, on behalf of the Managers,] may reasonably request; |
|  | (D) | a certificate signed by the chief financial officer of the Issuer in such form and with such contents as the [Joint Lead Managers/Lead Manager][, on behalf of the Managers] may require; and |
|  | (E) | such other conditions precedent as the [Joint Lead Managers/Lead Manager][, on behalf of the Managers,] may require. |

If any of the foregoing conditions is not satisfied on or before the Payment Instruction Date, this Agreement shall terminate on that date and the parties to this Agreement shall be under no further liability arising out of this Agreement (except for any liability of the Issuer, or failing the Issuer, the Guarantor in relation to expenses as provided in [the agreement referred to in] clause [‎4/6] and except for any liability arising before or in relation to termination), provided that the [Joint Lead Managers/Lead Manager][, on behalf of the Managers,] may in [its/their] discretion waive any of the aforesaid conditions [(other than the conditions precedent contained in subclause ‎3.2(c) and (m) of the Programme Agreement)] or any part of them.

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| 8. | The [Joint Lead Managers/Lead Manager][, on behalf of the Managers,] may, by notice to the Issuer and the Guarantor, terminate this Agreement at any time prior to payment of the net purchase money to the Issuer if in the opinion of the [Joint Lead Managers/Lead Manager] there shall have been such a change in national or international financial, political or economic conditions or currency exchange rates or exchange controls as would in [its/their] view be likely to prejudice materially the success of the offering and distribution of the Notes or dealings in the Notes in the secondary market and, upon notice being given, the parties to this Agreement shall (except for any liability of the Issuer or, failing the Issuer, the Guarantor in relation to expenses as provided [in the agreement referred to] in clause [4/‎6] of this Agreement and except for any liability arising before or in relation to termination) be released and discharged from their respective obligations under this Agreement. | |
| 9. | [For the purposes of the issue of the Notes: | |
|  | (a) | the following wording shall be deemed to be inserted in the Programme Agreement as a new subclause 4.1(c) and the existing subclause 4.1(c) (and all subsequent subclauses and cross-references thereto) shall be deemed to be re-numbered accordingly: |

"that (i) the statements of fact contained in the marketing materials prepared in connection with the Notes including, without limitation, electronic versions thereof (the **Marketing** **Materials**) were, at the date of publication of the Marketing Materials, in every material particular true and accurate and not misleading and there are no other facts or matters in relation to the Issuer, the Guarantor, the Group and the Notes the omission of which would in the context of the issue of the Notes make any statement in the Marketing Materials misleading in any material respect, (ii) the statements of intention, opinion, belief or expectation contained in the Marketing Materials, at the date of the Marketing Materials,

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were honestly and reasonably made or held and (iii) all reasonable enquiries have been made to ascertain such facts and to verify the accuracy of all such statements;"; and

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|  | (b) | the words "the Marketing Materials and" shall be deemed to be inserted in subclause 6.1(d) of the Programme Agreement immediately before the words "any additional written information provided by the Issuer [and/or the Guarantor] to the Dealers under clause ‎7".]iv |

[*Consider whether Clause 14 of the Programme Agreement requires adaptation for the particular issue and set out amendment here, if so*.]

[*Include any additional selling restrictions*.]

[*If stabilisation is to be conducted following the safe harbour set out in Article 5 of the Market Abuse Regulation and Delegated Regulation (EU) 2016/1052 and/or such regulations form part of domestic law by virtue of the EUWA consider including the following:*][The Issuer and the Guarantor confirm[s] the appointment of [*specify*] as the central point responsible for adequate public disclosure of information, and handling any request from a competent authority, in accordance with Article 6(5) of Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures[, including][as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018].]

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| 10. | [*The paragraph included below and the approach indicated in the associated footnotes may, if appropriate on an issue, be amended to reflect the position of the parties on that issue.*]v |

[(i)][Solely for the purposes of the requirements of Article 9(8) of the Product Governance Rules under EU Delegated Directive 2017/593 (the **MiFID Product Governance Rules**) regarding the mutual responsibilities of manufacturers under the MiFID Product Governance Rules[:]

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|  | | | | | (a) | [the [Joint] Lead Manager[s]/[*identify Manager(s) who is/are deemed to be MiFID manufacturer(s)*]vi ([each a][the] **Manufacturer** [and together the **Manufacturers**]) [acknowledges to each other Manufacturer that it]vii understands the responsibilities conferred upon it under the MiFID Product Governance Rules relating to each of the product approval process, the target market and the proposed distribution channels as applying to the Notes and the related information set out in the [Pricing Supplement/announcements] in connection with the Notes[; and | | | | |
|  | | | | | (b) | the Managers and the Issuer and the Guarantor note the application of the MiFID Product Governance Rules and acknowledge the target market and distribution channels identified as applying to the Notes by the Manufacturer[s] and the related information set out in the [Pricing Supplement/announcements] in connection with the Notes]viii]. | | | | |
|  | | | | [(i)/(ii)] | | | [Solely for the purposes of the requirements of 3.2.7R of the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) regarding the mutual responsibilities of manufacturers under the UK MiFIR Product Governance Rules[:] | | | |
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| iv | | | | | Only applicable where a roadshow (held physically and/or electronically) was used in connection with the offering of the Notes. | | | | | |
| v | | | | | Depending on the location of the manufacturers, there may be situations where either the MiFID II product governance language or the UK MiFIR product governance language is included or where both are included. | | | | | |
| vi | Complete with the names of all MiFID entities deemed to be manufacturers in relation to the Notes. This should be considered on a case by case basis and will vary depending on the facts of the relevant offering/which MiFID entities are collaborating with the Issuer in the creation, development, issue and/or design of the Notes which (as described in the ESMA Technical Advice of 19 December 2014) includes entities “advising corporate issuers on the launch of the new securities”. In some cases (for example where the Joint Lead Managers are the entities substantively collaborating with the Issuer), it may be appropriate for the Joint Lead Managers to be considered the co-manufacturers. | | | | | | | | | |
| vii | | Delete if there is only one MiFID manufacturer. | | | | | | | | |
| viii | | | Delete (b) if all parties are MiFID manufacturers | | | | | | | |
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|  | (a) | | | [the [Joint] Lead Manager[s]/*identify Manager(s) who is/are deemed to be UK manufacturer(s)*]ix ([each a][the] **UK** **Manufacturer** [and together the **UK** **Manufacturers**]) [acknowledges to each other UK Manufacturer that it]x understands the responsibilities conferred upon it under the UK MiFIR Product Governance Rules relating to each of the product approval process, the target market and the proposed distribution channels as applying to the Notes and the related information set out in the [Final Terms/announcements] in connection with the Notes[; and |
|  | | (b) | | the Managers and the Issuer and the Guarantor note the application of the UK MiFIR Product Governance Rules and acknowledge the target market and distribution channels identified as applying to the Notes by the UK Manufacturer[s] and the related information set out in the [Final Terms/announcements] in connection with the Notes]xi]. |
| 11. | | | A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement, but this does not affect any right or remedy of a third party which exists or is available apart from that Act. | | |
| 12. | | | Clause 23 and 24 of the Programme Agreement shall also apply to this Agreement as if expressly incorporated herein. | | |
| 13. | | | This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement. | | |

Please confirm that this letter correctly sets out the arrangements agreed between us.

Yours faithfully,

For:AUTOLIV, INC.

By:

For:AUTOLIV ASP, INC.

By:

We confirm that this letter correctly sets out the arrangements agreed between us.

For:[NAMES OF [JOINT LEAD] MANAGERS]

By:

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| ix | Complete with the names of all UK MiFIR entities deemed to be manufacturers in relation to the Notes. | | | |
| x | Delete if there is only one UK MiFIR manufacturer. | | | |
| xi | Delete (b) if all parties are UK MiFIR manufacturers. | | | |
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**ANNEXE A TO THE SUBSCRIPTION AGREEMENT**

[*Form of Pricing Supplement*]

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**ANNEXE B** **TO** **THE SUBSCRIPTION AGREEMENT**

[JOINT LEAD] MANAGERS' UNDERWRITING COMMITMENTS

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| **[Joint Lead] Manager** | **Underwriting Commitment**  [*Specify currency*] |
| [     ] | [     ] |
| [     ] | [     ] |
| [     ] | [     ] |
| [     ] | [     ] |
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| **Total** | [     ]]. |

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**SIGNATORIES**

**The Issuer**

**AUTOLIV, INC.**

By:

**The Guarantor**

**AUTOLIV ASP, INC.**

By:

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|  | | |
|  | *Signature Page to the Programme Agreement* |  |

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**The Arranger**

**MORGAN STANLEY & CO. INTERNATIONAL PLC**

By:

**The Dealers**

**BANK OF CHINA LIMITED, LONDON BRANCH**

By:By:

**CITIGROUP GLOBAL MARKETS LIMITED**

By:

**ING BANK N.V.**

By:By:

**J.P. MORGAN SECURITIES PLC**

By:

**MIZUHO INTERNATIONAL PLC**

By:

**MIZUHO SECURITIES EUROPE GMBH**

By:By:

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|  | *Signature Page to the Programme Agreement* |  |

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**DNB BANK ASA**

**MUFG SECURITIES (EUROPE) N.V.**

**SKANDINAVISKA ENSKILDA BANKEN AB (PUBL)**

**SOCIÉTÉ GÉNÉRALE**

By:

(*Each by its duly authorised attorney*)

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|  | *Signature Page to the Programme Agreement* |  |

Exhibit 4.15

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| **EXECUTION VERSION** |
|  |
| **AMENDED AND RESTATED AGENCY AGREEMENT** |
| **DATED 19 FEBRUARY 2021** |
| **AUTOLIV, INC.**  **as Issuer**    **AUTOLIV ASP, INC.**  **as Guarantor**    **relating to**    **EUR 3,000,000,000**    **EURO MEDIUM TERM NOTE PROGRAMME** |

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| **Allen & Overy LLP** | | |
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**THIS AMENDED AND RESTATED AGENCY AGREEMENT** is dated 19 February 2021

**BETWEEN**:

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| (1) | **AUTOLIV, INC.** (the **Issuer**); |
| (2) | **AUTOLIV ASP, INC.** (the **Guarantor**); |
| (3) | **HSBC BANK PLC** (the **Fiscal Agent** and the **Paying Agent** which expression shall include any successor fiscal agent or, as the case may be, any successor Paying Agent, in each case, appointed under clause 23); and |
| (4) | **HSBC BANK PLC** (the **Registrar** and the **Transfer Agent** which expression shall include any successor registrar or, as the case may be, any successor Transfer Agent, in each case, appointed under clause 23). |

**WHEREAS:**

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| (A) | In respect of the Programme (as defined below), the parties hereto entered into an Amended and Restated Agency Agreement dated 21 February 2020 (the **Existing** **Agency Agreement**). |
| (B) | The parties hereto have agreed to make certain modifications to the Existing Agency Agreement and to the Programme by entering into this Agreement. |
| (C) | This Agreement amends and restates the Existing Agency Agreement. Subject as set out below, any Notes (as defined below) issued under the Programme on or after the date hereof shall be issued pursuant to this Agreement. This does not affect any Notes issued under the Programme prior to the date of this Agreement or any other Notes issued on or after the date of this Agreement where they are to be consolidated with and form a single series with the Notes of any Series issued prior to the date of this Agreement. |

**IT IS AGREED**:

|  |  |
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| **1.** | **DEFINITIONS AND INTERPRETATION** |
| 1.1 | In this Agreement: |

**Agent** means each of the Paying Agents and the Transfer Agents;

**Authorised Person** means any person who is designated in writing by the Issuer from time to time to give Instructions to the Agents under the terms of this Agreement;

**Authorised Signatory** means any person who (i) is a Director or the Secretary of the Issuer or the Guarantor (as the case may be) or (ii) has been notified by the Issuer or the Guarantor (as the case may be) in writing to the Fiscal Agent as being duly authorised to sign documents and to do other acts and things on behalf of the Issuer or the Guarantor (as the case may be) for the purposes of this Agreement;

**Basic Terms Modification** means any proposal:

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|  | (a) | to change the date, or the method of determining the date, for payment of principal, interest or any other amount in respect of the Notes, to reduce or cancel the amount of principal, interest or any other amount payable on any date in respect of the Notes or to change the | | |
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|  |  | method of calculating the amount of principal, interest or any other amount payable in respect of the Notes on any date; |
|  | (b) | modifying any provision of the Guarantee; |
|  | (c) | to change the relevant currency in which any amount due in respect of the Notes is payable; |
|  | (d) | to change the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution or any other resolution of Noteholders or the number or percentage of votes required to be cast, or the number or percentage of Notes required to be held, in connection with the taking of any decision or action by or on behalf of the Noteholders or any of them; |
|  | (e) | to change this definition, the definition of "Extraordinary Resolution", the definition of "outstanding" or the definition of "Written Resolution" in the Conditions or in this Agreement; |
|  | (f) | to change or waive the provisions of the Notes set out in Condition 4 (*Negative Pledge)*; |
|  | (g) | to change the law governing the Notes, the courts to the jurisdiction of which the Issuer has been submitted in the Notes, the Issuer's obligation to maintain an agent for service of process in England, in respect of actions or proceedings brought by any Noteholder, set out in Condition 17 (*Governing Law and Submission to Jurisdiction)*; |
|  | (h) | to approve any exchange or substitution of the Notes for, or the conversion of the Notes into, any other obligations or securities of the Issuer or any other person; or |
|  | (i) | in connection with any proposed exchange, substitution or conversion of the type referred to in subparagraph (h) to amend any of the provisions of the Notes describing circumstances in which Notes may be redeemed or declared due and payable prior to their scheduled maturity date; |

**Calculation Agency Agreement** in relation to any Series of Notes means an agreement in or substantially in the form of ‎Schedule 1;

**Calculation Agent** means, in relation to any Series of Notes, the person appointed as calculation agent in relation to the Notes by the Issuer pursuant to the provisions of a Calculation Agency Agreement (or any other agreement) and shall include any successor calculation agent appointed in respect of the Notes;

**Change of Control Exercise Notice** means a notice in the form set out in Schedule 5;

**Clearing System** means Euroclear and/or Clearstream, Luxembourg and includes in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer(s) and specified in the applicable Pricing Supplement, in either case whether alone or jointly with any other relevant Clearing System(s);

**Clearstream, Luxembourg** means Clearstream Banking SA;

**Code** means the US Internal Revenue Code of 1986;

**Common Safekeeper** means, in relation to a Series of Notes where the relevant Global Note is held under the NSS, the common safekeeper for each Clearing System appointed in respect of such Notes;

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**Conditions** means, in relation to the Notes of any Series, the terms and conditions endorsed on or incorporated by reference into the Note or Notes constituting the Series, the terms and conditions being in or substantially in the form set out in ‎Schedule 2 or in such other form, having regard to the terms of the Notes of the relevant Series, as may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer as completed by the applicable Pricing Supplement which may modify and supplement such terms and conditions;

**Definitive Note** means a Note in definitive form issued or, as the case may require, to be issued by the Issuer in accordance with the provisions of the Programme Agreement or any other agreement between the Issuer, the Guarantor and the relevant Dealer either on issue or in exchange for all of a Global Note, the Note in definitive form being in or substantially in the form set out in Part 2 of ‎Schedule 7 with such modifications (if any) as may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer and having the Conditions endorsed on it or attached to it or, if agreed by the Issuer and the relevant Dealer, incorporated in it by reference and having the applicable Pricing Supplement (or the relevant provisions of the applicable Pricing Supplement) either incorporated in it or endorsed on it or attached to it;

**Dual Currency Interest Note** means a Note in respect of which payments of interest are made or to be made in such different currencies, and at rates of exchange calculated upon such basis or bases, as the Issuer and the relevant Dealer may agree, as indicated in the applicable Pricing Supplement;

**Dual Currency Note** means a Dual Currency Interest Note and/or a Dual Currency Redemption Note, as applicable;

**Dual Currency Redemption Note** means a Note in respect of which payments of principal are made or to be made in such different currencies, and at rates of exchange calculated upon such basis or bases, as the Issuer and the relevant Dealer may agree, as indicated in the applicable Pricing Supplement;

**Euroclear** means Euroclear Bank SA/NV;

**FATCA Withholding** means any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement);

**Fixed Rate Note** means a Note on which interest is calculated at a fixed rate payable in arrear on one or more Interest Payment Dates in each year as may be agreed between the Issuer and the relevant Dealer, as indicated in the applicable Pricing Supplement;

**Floating Rate Note** means a Note on which interest is calculated at a floating rate, payable in arrear on one or more Interest Payment Dates in each year as may be agreed between the Issuer and the relevant Dealer, as indicated in the applicable Pricing Supplement;

**Global Note** means a global note in or substantially in the form set out in Part 1 of Schedule 7 together with the copy of the applicable Pricing Supplement attached to it with such modifications (if any) as may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer, comprising some or all of the Notes of the same Series issued by the Issuer under the Programme Agreement or any other agreement between the Issuer, the Guarantor and the relevant Dealer;

**Index Linked Interest Note** means a Note in respect of which the amount in respect of interest payable is calculated by reference to an index and/or a formula as the Issuer and the relevant Dealer may agree, as indicated in the applicable Pricing Supplement;

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**Index Linked Note** means an Index Linked Interest Note and/or an Index Linked Redemption Note, as applicable;

**Index Linked Redemption Note** means a Note in respect of which the amount in respect of principal payable is calculated by reference to an index and/or a formula as the Issuer and the relevant Dealer may agree, as indicated in the applicable Pricing Supplement;

**Instructions** means any written notices, elections or instructions received by the Agents from an Authorised Person or from a person reasonably believed by the Agents to be an Authorised Person;

**Issue Date** means, in respect of any Note, the date of issue and purchase of the Note under clause 2 of the Programme Agreement or any other agreement between the Issuer, the Guarantor and the relevant Dealer being, in the case of any Definitive Note represented initially by a Global Note, the same date as the date of issue of the Global Note which initially represented the Note;

**Noteholders** means the several persons who are for the time being the registered holders of Notes save that, in respect of the Notes of any Series, for so long as the Notes or any part of them are represented by a Global Note held on behalf of Euroclear and Clearstream, Luxembourg each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of the Notes of the Series (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of the Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be deemed to be the holder of that nominal amount of Notes (and the registered holder of the relevant Global Note shall be deemed not to be the holder) for all purposes other than with respect to the payment of principal or interest on the Notes, for which purpose the registered holder of the relevant Global Note shall be treated by the Issuer, the Guarantor and any Agent as the holder of the Notes in accordance with and subject to the terms of the relevant Global Note and, the expressions **Noteholder**, **holder of Notes** and related expressions shall be construed accordingly;

**NSS** means the New Safekeeping Structure for registered global securities which are intended to constitute eligible collateral for Eurosystem monetary policy operations;

**outstanding** means, in relation to the Notes of any Series, all the Notes issued other than:

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|  | (a) | those Notes which have been redeemed and cancelled pursuant to the Conditions; | | |
|  | (b) | those Notes in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption moneys (including all interest (if any) accrued to the date for redemption and any interest (if any) payable under the Conditions after that date) have been duly paid to or to the order of the Fiscal Agent in the manner provided in this Agreement (and where appropriate notice to that effect has been given to the Noteholders in accordance with the Conditions) and remain available for payment of the relevant Notes; | | |
|  | (c) | those Notes which have been purchased and cancelled in accordance with the Conditions; | | |
|  | (d) | those Notes in respect of which claims have become prescribed under the Conditions; | | |
|  | (e) | those mutilated or defaced Notes which have been surrendered and cancelled and in respect of which replacements have been issued under the Conditions; | | |
|  | (f) | (for the purpose only of ascertaining the nominal amount of the Notes outstanding and without prejudice to the status for any other purpose of the relevant Notes) those Notes | | |
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|  |  | which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued under the Conditions; and |
|  | (g) | any Global Note to the extent that it has been exchanged for Definitive Notes and any Definitive Note to the extent it has been exchanged for an interest in a Global Note, |

provided that for each of the following purposes, namely of:

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|  | (i) | the right to attend and vote at any meeting of the Noteholders of the Series or the right to sign or authorise the signature of any Written Resolution (as defined in Schedule 6), or passing any Extraordinary Resolution (as defined in Schedule 6) by way of electronic consents given through the relevant clearing systems as envisaged by Schedule 6; and |
|  | (ii) | Condition 14 (*Meetings of Noteholders and Modifications*) and paragraphs 4.1, 4.4 and 4.6 of Schedule 6, |

those Notes (if any) which are for the time being held by any person (including, but not limited to, the Issuer, the Guarantor or any of the Issuer’s other Subsidiaries) for the benefit of the Issuer, the Guarantor or any of its other Subsidiaries shall (unless and until ceasing to be so held) be deemed not to remain outstanding;

**Partly Paid Note** means a Note in relation to which the subscription moneys are payable to the Issuer in two or more instalments;

**Programme Agreement** means the amended and restated programme agreement dated 19 February 2021 between the Issuer, the Guarantor and the Dealers named in it;

**Put Notice** means a notice in the form set out in ‎Schedule 4;

**Reference Banks** means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market, and in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Fiscal Agent or the Calculation Agent, as applicable;

**Regulation S** means Regulation S under the Securities Act;

**Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which (i) are expressed to be consolidated and form a single series and (ii) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and the expressions **Notes of the relevant Series** and **holders of Notes of the relevant Series** and related expressions shall be construed accordingly;

**specified office** of any Agent means the office specified or any other specified offices as may from time to time be duly notified pursuant to clause 23.7;

**Specified Time** means 11.00 a.m. (London time, in the case of a determination of LIBOR, or Brussels time, in the case of a determination of EURIBOR);

**Subsidiary** means in relation to any person (the **first person**) at any particular time, any other person (the **second person**):

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|  | (i) | whose affairs and policies the first person controls or has power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second person or otherwise; or |
|  | (ii) | whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first person; |

**Tranche** means Notes which are identical in all respects (including as to listing); and

**Zero Coupon Note** means a Note on which no interest is payable.

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| 1.2 | (a)In this Agreement, unless the contrary intention appears, a reference to: | | | |
|  | | (i) | an **amendment** includes a supplement, restatement or novation and **amended** is to be construed accordingly; | | |
|  | | (ii) | a **person** includes any individual, company, unincorporated association, government, state agency, international organisation or other entity and, in all cases, includes its successors and assigns; | | |
|  | | (iii) | the **records** of Euroclear and Clearstream, Luxembourg shall be to the records that each of Euroclear and Clearstream, Luxembourg holds for its customers which reflect the amount of such customer's interest in the Notes; | | |
|  | | (iv) | a provision of a law is a reference to that provision as extended, amended or re-enacted; | | |
|  | | (v) | a clause or Schedule is a reference to a clause of, or a schedule to, this Agreement; | | |
|  | | (vi) | a document is a reference to that document as amended from time to time; and | | |
|  | | (vii) | a time of day is a reference to London time. | | |
|  | (b) | The headings in this Agreement do not affect its interpretation. | | |  |
|  | (c) | Terms and expressions defined in the Programme Agreement or the Notes or used in the applicable Pricing Supplement shall have the same meanings in this Agreement, except where the context otherwise requires or unless otherwise stated. | | |  |
|  | (d) | All references in this Agreement to costs or charges or expenses shall include any value added tax or similar tax charged or chargeable in respect thereof. | | |  |
|  | (e) | All references in this Agreement to Notes shall, unless the context otherwise requires, include any Global Note representing the Notes. | | |  |
|  | (f) | All references in this Agreement to principal and/or interest or both in respect of the Notes or to any moneys payable by the Issuer and/or the Guarantor under this Agreement shall be construed in accordance with Condition 6 (*Payments*). | | |  |
|  | (g) | All references in this Agreement to the **relevant currency** shall be construed as references to the currency in which payments in respect of the Notes are to be made. | | |  |
|  | (h) | All references in this Agreement to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or | | |  |
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|  |  | alternative clearing system approved by the Issuer and the Fiscal Agent or as otherwise specified in Part B of the applicable Pricing Supplement. | |
|  | (i) | All references in this Agreement to a Directive include any relevant implementing measure of each Member State of the European Economic Area which has implemented such Directive. | |
| 1.3 | For the purposes of this Agreement, the Notes of each Series shall form a separate series of Notes and the provisions of this Agreement shall apply *mutatis mutandis* separately and independently to the Notes of each Series and in this Agreement the expressions **Notes**, **Noteholders**, and related expressions shall be construed accordingly. | | |
| 1.4 | As used herein, in relation to any Notes which are to have a "listing" or be "listed" on Euronext Dublin, or any other Stock Exchange in a jurisdiction where admission to listing is approved and announced by a regulatory authority other than that Stock Exchange itself, **listing** and **listed** shall be construed to mean that such Notes have been admitted to the Official List and admitted to trading on the Global Exchange Market of Euronext Dublin (the **Market**) or the relevant list of such other regulatory authority and admitted to trading on such Stock Exchange’s market for listed securities, respectively. The Market is not a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU). | | |
| **2.** | **APPOINTMENT OF AGENTS** | | |
| 2.1 | The Fiscal Agent is appointed, and the Fiscal Agent agrees to act, as Fiscal agent of the Issuer and the Guarantor, upon the terms and subject to the conditions set out below, for the following purposes: | | |
|  | (a) | giving effectuation instructions in respect of each Global Note which is held under the NSS; | |
|  | (b) | determining the interest and/or other amounts payable in respect of the Notes in accordance with the Conditions, unless otherwise specified in the applicable Pricing Supplement; | |
|  | (c) | arranging on behalf of and at the expense of the Issuer and/or the Guarantor for notices to be communicated to the Noteholders in accordance with the Conditions; | |
|  | (d) | ensuring that, as directed by the Issuer, all necessary action is taken to comply with any reporting requirements of any competent authority in respect of any relevant currency as may be in force from time to time with respect to the Notes to be issued under the Programme; | |
|  | (e) | subject to the Procedures Memorandum, submitting to the relevant authority or authorities such number of copies of each Pricing Supplement which relates to Notes which are to be listed as the relevant authority or authorities may require; | |
|  | (f) | acting as Calculation Agent in respect of Notes where named as such in the applicable Pricing Supplement; and | |
|  | (g) | performing all other obligations and duties imposed upon it by the Conditions, this Agreement and the Procedures Memorandum. | |
| 2.2 | In the event that the Calculation Agent cannot act or is unable to act, the Calculation Agent shall notify the Issuer promptly, and on receipt of such notice the Issuer shall appoint an alternative institution as Calculation Agent, by entering into an agreement substantially in the form set out in Schedule 1. | | |
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| 2.3 | Each Paying Agent is appointed, and each Paying Agent agrees to act, as paying agent of the Issuer and the Guarantor, upon the terms and subject to the conditions set out below, for the purposes of paying sums due on any Notes and performing all other obligations and duties imposed upon it by the Conditions and this Agreement. | |
| 2.4 | Each Transfer Agent is appointed, and each Transfer Agent agrees to act, as transfer agent of the Issuer and the Guarantor, upon the terms and subject to the conditions set out below for the purposes of effecting transfers of Definitive Notes and performing all the other obligations and duties imposed upon it by the Conditions and this Agreement. | |
| 2.5 | The Registrar is appointed, and the Registrar agrees to act, as registrar of the Issuer and the Guarantor, upon the terms and subject to the conditions set out below, for the following purposes: | |
|  | (a) | completing, authenticating and delivering Global Notes and delivering Definitive Notes; |
|  | (b) | paying sums due on Notes; and |
|  | (c) | performing all the other obligations and duties imposed upon it by the Conditions, this Agreement and the Procedures Memorandum, including, without limitation, those set out in clause 9. |

The Registrar may from time to time, subject to the prior written consent of the Issuer, delegate certain of its functions and duties set out in this Agreement to the Fiscal Agent.

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| 2.6 | In relation to each issue of Notes intended to be held under the NSS, the Issuer hereby authorises and instructs the Fiscal Agent to elect Euroclear/Clearstream, Luxembourg as Common Safekeeper.  From time to time, the Issuer and the Fiscal Agent may agree to vary this election.  The Issuer acknowledges that any such election is subject to the right of Euroclear and Clearstream, Luxembourg to jointly determine that the other shall act as Common Safekeeper in relation to any such issue and agrees that no liability shall attach to the Fiscal Agent in respect of any such election made by it. | | |
| 2.7 | The obligations of the Agents under this Agreement are several and not joint. | | |
| **3.** | **ISSUE OF GLOBAL NOTES** | | |
| 3.1 | Subject to subclause 3.3, following receipt of a faxed copy of the applicable Pricing Supplement signed by the Issuer and the Guarantor, the Issuer authorises the Fiscal Agent and the Registrar and each of the Fiscal Agent and the Registrar agrees, to take the steps required of it in the Procedures Memorandum. | | |
| 3.2 | For the purpose of subclause 3.1, the Fiscal Agent or, as the case may be, the Registrar will on behalf of the Issuer if specified in the applicable Pricing Supplement that a Global Note will represent the Notes on issue: | | |
|  | (a) | (in the case of the Registrar) prepare a Global Note by attaching a copy of the applicable Pricing Supplement to a copy of the relevant signed master Global Note; | |
|  | (b) | (in the case of the Registrar) authenticate (or procure the authentication of) the relevant Global Note; | |
|  | (c) | (in the case of the Registrar) deliver, in the case of a Global Note registered in the name of a nominee for a Common Safekeeper, the Global Note to the specified Common Safekeeper | |
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|  |  | and in the case of a Global Note which is held under the NSS, to instruct the Common Safekeeper to effectuate the same; and | |
|  | (d) | (in the case of the Fiscal Agent) ensure that the Notes of each Tranche are assigned, as applicable, security numbers (including (as applicable), but not limited to, common codes and ISINs) which are different from the security numbers assigned to Notes of any other Tranche of the same Series. | |
| 3.3 | Each of the Fiscal Agent and the Registrar shall only be required to perform its obligations under this clause 3 if it holds (as applicable): | | |
|  | (a) | a master Global Note duly executed by a person or persons duly authorised to execute the same on behalf of the Issuer, which may be used by the Registrar for the purpose of preparing the Global Note in accordance with subclause 3.2; and | |
|  | (b) | signed copies of the applicable Pricing Supplement. | |
| 3.4 | Each of the Issuer and the Guarantor undertakes to ensure that the Fiscal Agent and/or the Registrar receives copies of each document specified in subclause 3.3 in a timely manner. | | |
| **4.** | **EXCHANGE OF GLOBAL NOTES** | | |
| 4.1 | Where a Global Note is to be exchanged for Definitive Notes in accordance with its terms, the Fiscal Agent or, as the case may be, the Registrar is authorised by the Issuer and instructed: | | |
|  | (a) | to authenticate the Definitive Notes in accordance with the provisions of this Agreement; and | |
|  | (b) | to deliver the Definitive Notes as the Registrar may be directed by the holder of the Definitive Notes. | |
| 4.2 | Upon any exchange of the Global Note for Definitive Notes, the relevant Global Note(s) shall be presented to the Registrar.  The Registrar is authorised on behalf of the Issuer to (a) make all appropriate entries in the Register reflecting the reduction in the nominal amount represented by the relevant Global Note(s) and (b) to cancel or arrange for the cancellation of the relevant Global Note. | | |
| 4.3 | The Fiscal Agent or the Registrar, as the case may be, shall notify the Issuer immediately after it receives a request for the issue of Definitive Notes in accordance with the provisions of a Global Note and the aggregate nominal amount of the Global Note to be exchanged. | | |
| 4.4 | The Issuer undertakes to deliver to the Fiscal Agent and the Registrar sufficient numbers of executed Definitive Notes to enable each of the Fiscal Agent and the Registrar to comply with its obligations under this Agreement. | | |
| **5.** | **TERMS OF ISSUE** | | |
| 5.1 | Each of the Fiscal Agent and the Registrar shall cause all Notes delivered to and held by it under this Agreement to be maintained in safe custody and shall ensure that Notes are issued only in accordance with the provisions of this Agreement, the Conditions and, where applicable, the relevant Global Notes. | | |
| 5.2 | Subject to the procedures set out in the Procedures Memorandum, for the purposes of clause 3, each of the Fiscal Agent and the Registrar is entitled to treat a telephone or facsimile communication from a person purporting to be (and whom the Fiscal Agent or the Registrar, as the case may be, believes | | |
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|  | in good faith to be) an Authorised Person as sufficient instructions and authority of the Issuer for the Fiscal Agent or the Registrar to act in accordance with clause 3. | | |
| 5.3 | In the event that a person who has signed a master Global Note or master Definitive Note held by the Fiscal Agent or the Registrar, as the case may be, on behalf of the Issuer ceases to be an Authorised Person, each of the Fiscal Agent and the Registrar shall (unless the Issuer gives notice to the Fiscal Agent or the Registrar, as the case may be, that Notes signed by that person do not constitute valid and binding obligations of the Issuer or otherwise until replacements have been provided to the Fiscal Agent or the Registrar, as the case may be) continue to have authority to issue Notes signed by that person, and the Issuer warrants to each of the Fiscal Agent and the Registrar that those Notes shall be valid and binding obligations of the Issuer.  Promptly upon any person ceasing to be an Authorised Person, the Issuer shall provide the Registrar with replacement master Global Notes and Definitive Notes and the Registrar shall, upon receipt of such replacements, cancel and destroy the master Global Notes held by it which are signed by that person and shall provide the Issuer with a certificate of destruction, specifying the master Global Notes so cancelled and destroyed. | | |
| 5.4 | The Fiscal Agent shall provide Euroclear and/or Clearstream, Luxembourg with the notifications, instructions or information to be given by the Fiscal Agent to Euroclear and/or Clearstream, Luxembourg. | | |
| 5.5 | If the Fiscal Agent pays an amount (the **Advance**) to the Issuer on the basis that a payment (the **Payment**) has been or will be received from a Dealer and if the Payment is not received by the Fiscal Agent on the date the Fiscal Agent pays the Issuer, the Issuer shall repay to the Fiscal Agent the Advance and shall pay interest on the Advance (or the unreimbursed portion thereof) from (and including) the date the Advance is made to (but excluding) the earlier of repayment of the Advance or receipt by the Fiscal Agent of the Payment at a rate quoted at that time by the Fiscal Agent as its cost of funding the Advance provided that evidence of the basis of such rate is given to the Issuer.  For the avoidance of doubt, the Fiscal Agent shall not be obliged to pay any amount to the Issuer if it has not received satisfactory confirmation that it is to receive the amount from a Dealer. | | |
| 5.6 | Except in the case of issues where the Fiscal Agent does not act as receiving bank for the Issuer in respect of the purchase price of the Notes being issued, if on the Issue Date a Dealer does not pay the full purchase price due from it in respect of any Note (the **Defaulted Note**) and, as a result, the Defaulted Note remains in the Fiscal Agent's distribution account with Euroclear and/or Clearstream, Luxembourg after the Issue Date, the Fiscal Agent will continue to hold the Defaulted Note to the order of the Issuer.  The Fiscal Agent shall notify the Issuer immediately of the failure of the Dealer to pay the full purchase price due from it in respect of any Defaulted Note and, subsequently, shall (a) notify the Issuer immediately on receipt from the Dealer of the full purchase price in respect of any Defaulted Note and (b) pay to the Issuer the amount so received. | | |
| **6.** | **PAYMENTS** | | |
| 6.1 | The Issuer or, failing the Issuer, the Guarantor shall, by no later than 10.00 a.m. (local time in the relevant financial centre of the payment or, in the case of a payment in euro, London time), on each date on which any payment in respect of any Note becomes due under the Conditions, transfer to an account specified by the Fiscal Agent an amount in the relevant currency sufficient for the purposes of the payment in funds settled through such payment system as the Fiscal Agent and the Issuer may agree. | | |
| 6.2 | Any funds paid by or by arrangement with the Issuer to the Fiscal Agent under subclause 6.1 shall be held in the relevant account referred to in subclause 6.1 for payment to the Noteholders until any Notes become void under Condition 9 (*Prescription*).  In that event the Fiscal Agent shall repay to the Issuer sums equivalent to the amounts which would otherwise have been repayable on the relevant Notes. | | |
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| 6.3 | The Issuer or, as the case may be, the Guarantor shall ensure that, before 10.00 a.m. (London time) on the second Business Day (as defined below) immediately preceding the date on which any payment is to be made to the Fiscal Agent under subclause 6.1, the Fiscal Agent shall receive a copy of an irrevocable payment instruction to the bank through which payment is to be made.  For the purposes of this subclause, **Business Day** means a day on which commercial banks and foreign exchange markets settle payments and are open for general business in the United States of America and the United Kingdom. | |
| 6.4 | The Fiscal Agent shall notify each of the other Paying Agents, the Registrar and the Issuer and the Guarantor forthwith: | |
|  | (a) | if it has not by the relevant date set out in subclause 6.1 received unconditionally the full amount in the Specified Currency required for the payment; and |
|  | (b) | if it receives unconditionally the full amount of any sum payable in respect of the Notes after such date. |

The Fiscal Agent shall, at the request and expense of the Issuer or the Guarantor, forthwith upon receipt of any amount described in subparagraph (b), cause notice of that receipt to be published under Condition 13 (*Notices*).

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| 6.5 | Subject to the Fiscal Agent being satisfied in its sole discretion that payment will be duly made as provided in clause 7.1, the Fiscal Agent or the relevant Paying Agent shall pay or cause to be paid all amounts due in respect of the Notes on behalf of the Issuer in the manner provided in the Conditions.  If any payment provided for in subclause 6.1 is made late but otherwise in accordance with the provisions of this Agreement, the Fiscal Agent and each Paying Agent shall nevertheless make payments in respect of the Notes as aforesaid following receipt by it of such payment. | | |
| 6.6 | Without prejudice to subclauses 6.5 and 6.11, if the Fiscal Agent pays any amounts to the holders of Notes or to any other Paying Agent at a time when it has not received payment in full in respect of the relevant Notes in accordance with subclause 6.1 (the excess of the amounts so paid over the amounts so received being the **Shortfall**), the Issuer (failing which the Guarantor) will, in addition to paying amounts due under subclause 6.1, pay to the Fiscal Agent on demand interest (at a rate which represents the Fiscal Agent's cost of funding the Shortfall) on the Shortfall (or the unreimbursed portion thereof) until the receipt in full by the Fiscal Agent of the Shortfall. | | |
| 6.7 | The Fiscal Agent shall on demand promptly reimburse each other Paying Agent for payments in respect of Notes properly made by each Paying Agent in accordance with this Agreement and the Conditions unless the Fiscal Agent has notified the relevant Paying Agent, prior to its opening of business on the due date of a payment in respect of the Notes, that the Fiscal Agent does not expect to receive sufficient funds to make payment of all amounts falling due in respect of the Notes. | | |
| 6.8 | Whilst any Notes are represented by Global Notes, all payments due in respect of the Notes shall be made to, or to the order of, the holder of the Global Notes, subject to and in accordance with the provisions of the Global Notes.  On the occasion of each payment, in the case of any Global Note which is held under the NSS, the Fiscal Agent shall instruct Euroclear and Clearstream, Luxembourg to make appropriate entries in their records to reflect such payment. | | |
| 6.9 | If the amount of principal and/or interest then due for payment is not paid in full (otherwise than by reason of a deduction required by law to be made or by reason of a FATCA Withholding or a certification required by the terms of a Note not being received), the Registrar shall make a record in the Register and each record shall, in the absence of manifest error, be *prima facie* evidence that the payment in question has not to that extent been made. In the case of any Global Note which is held | | |
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|  | under the NSS, the Registrar or the Fiscal Agent shall instruct Euroclear and Clearstream, Luxembourg to make appropriate entries in their records to reflect such shortfall in payment. | | |
| 6.10 | Notwithstanding any other provision of this Agreement, each Agent shall be entitled to make a withholding or deduction from any payment which it makes under any Notes for or on account of any Tax, if and only to the extent so required by Applicable Law, in which event such Agent shall make such payment after such withholding or deduction has been made and shall account to the relevant Authority within the time allowed for the amount so withheld or deducted or, at its option, shall reasonably promptly after making such payment return to the Issuer the amount so deducted or withheld, in which case, the Issuer shall so account to the relevant Authority for such amount.  For the avoidance of doubt, FATCA Withholding is a withholding or deduction which is deemed to be required by Applicable Law for the purposes of this subclause 6.10.  In this subclause 6.10 and subclauses 6.11 and 21.11, **Applicable Law** means any law or regulation, **Authority** means any competent regulatory, prosecuting, Tax or governmental authority in any jurisdiction and **Tax** means any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any Authority having power to tax. | | |
| 6.11 | In the event that the Issuer determines in its sole discretion that any deduction or withholding for or on account of any Tax will be required by Applicable Law in connection with any payment due to any Agent on any Notes, then the Issuer will be entitled to redirect or reorganise any such payment in any way that it sees fit in order that the payment may be made without such deduction or withholding provided that any such redirected or reorganised payment is made through a recognised institution of international standing and such payment is otherwise made in accordance with this Agreement.  The Issuer will promptly notify the Fiscal Agent of any such redirection or reorganisation.  For the avoidance of doubt, FATCA Withholding is a withholding or deduction which is deemed to be required by Applicable Law for the purposes of this subclause 6.11. If for any reason the Fiscal Agent considers in its sole discretion that the amounts to be received by the Fiscal Agent pursuant to subclause 6.1 will be, or the amounts actually received by it pursuant thereto are, insufficient to satisfy all claims in respect of all payments then falling due in respect of the Notes, the Fiscal Agent shall then forthwith notify the Issuer and the Guarantor of such insufficiency and, until such time as the Fiscal Agent has received the full amount of all such payments, neither the Fiscal Agent nor any Paying Agent shall be obliged to pay any such claims. | | |
| 6.12 | For the avoidance of doubt, the Paying Agents shall not have any obligation to make any payment in respect of any Note to the Noteholders until the Fiscal Agent has been put in funds by the Issuer. | | |
| **7.** | **DETERMINATIONS AND NOTIFICATIONS IN RESPECT OF NOTES AND INTEREST DETERMINATION** | | |
| **7.1** | **Determinations and notifications** | | |
|  | (a) | The Fiscal Agent shall, unless otherwise specified in the applicable Pricing Supplement, make all the determinations and calculations which it is required to make under the Conditions, all subject to and in accordance with the Conditions. | |
|  | (b) | The Fiscal Agent shall not be responsible to the Issuer, the Guarantor or to any third party as a result of the Fiscal Agent having acted on any quotation given by any Reference Bank which subsequently may be found to be incorrect. | |
|  | (c) | The Fiscal Agent shall promptly notify (and confirm in writing to) the Issuer, the Guarantor, the other Paying Agents and (in respect of a Series of Notes listed on a Stock Exchange) the relevant Stock Exchange of each Rate of Interest, Interest Amount and Interest Payment Date and all other amounts, rates and dates which it is obliged to determine or calculate | |
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|  |  | under the Conditions as soon as practicable after their determination and of any subsequent amendments to them under the Conditions. |
|  | (d) | The Fiscal Agent shall use its best endeavours to cause each Rate of Interest, Interest Amount and Interest Payment Date and all other amounts, rates and dates which it is obliged to determine or calculate under the Conditions to be published as required in accordance with the Conditions as soon as possible after their determination or calculation. |
|  | (e) | If the Fiscal Agent does not at any time for any reason determine and/or calculate and/or publish the Rate of Interest, Interest Amount and/or Interest Payment Date in respect of any Interest Period or any other amount, rate or date as provided in this clause, it shall immediately notify the Issuer, the Guarantor and the other Paying Agents of that fact. |
|  | (f) | Determinations with regard to Notes required to be made by a Calculation Agent specified in the applicable Pricing Supplement shall be made in the manner so specified.  Unless otherwise agreed between the Issuer and the relevant Dealer, or unless the Fiscal Agent is the Calculation Agent (in which case the provisions of this Agreement shall apply), those determinations shall be made on the basis of a Calculation Agency Agreement substantially in the form of ‎Schedule 1.  Notes of any Series may specify additional duties and obligations of any Agent, the performance of which will be agreed between the Issuer and the relevant Agent prior to the relevant Issue Date. |
| **7.2** | **Interest determination** | |

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being other than LIBOR, EURIBOR or Compounded Daily SONIA, the Rate of Interest in respect of the Notes will be determined as provided in the applicable Pricing Supplement.

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| **8.** | **NOTICE OF ANY WITHHOLDING OR DEDUCTION** | | |
| 8.1 | If the Issuer or the Guarantor is, in respect of any payment in respect of the Notes, compelled to withhold or deduct any amount for or on account of Taxes as contemplated under Condition 8 (*Taxation*), the Issuer or, as the case may be, the Guarantor shall give notice to the Fiscal Agent and the Registrar as soon as it becomes aware of the requirement to make the withholding or deduction and shall give to the Fiscal Agent and the Registrar such information as either of them shall require to enable it to comply with the requirement. | | |
| 8.2 | Without prejudice to subclause 8.1, the Issuer or the Guarantor shall notify the Fiscal Agent in the event that it determines that any payment to be made by any Agent under any Notes is a payment which could be subject to FATCA Withholding if such payment were made to a recipient that is generally unable to receive payments free from FATCA Withholding, and the extent to which the relevant payment is so treated, provided, however, that the Issuer’s obligation under this subclause 8.2 shall apply only to the extent that such payments are so treated by virtue of characteristics of the Issuer, such Notes, or both. | | |
| 8.3 | If any Agent is, in respect of any payment of principal or interest in respect of the Notes, compelled to withhold or deduct any amount for or on account of any Taxes, duties, assessments or governmental charges as contemplated under Condition 8 (*Taxation*), other than arising under subclauses 8.1 or 8.2 or by virtue of the relevant holder failing to satisfy any certification or other requirement in respect of its Notes, it shall give notice of that fact to the Issuer and the Fiscal Agent as soon as it becomes aware of the compulsion to withhold or deduct. | | |
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| **9.** | **OTHER DUTIES OF THE REGISTRAR** | | |
| 9.1 | The Registrar shall perform the duties set out in this Agreement and the Conditions and, in performing those duties, shall act in accordance with this Agreement and the Conditions. | | |
| 9.2 | The Registrar shall so long as any Note is outstanding: | | |
|  | (a) | maintain a register which shall, at all times, be outside of the United Kingdom (the **Register**) of the holders of the Notes which shall show (i) the nominal amount of Notes represented by each Global Note, (ii) the nominal amounts and the serial numbers of the Definitive Notes, (iii) the dates of issue of all Notes, (iv) all subsequent transfers and changes of ownership of Notes, (v) the names and addresses of the holders of the Notes, (vi) all cancellations of Notes, whether because of their purchase by the Issuer, the Guarantor or any other Subsidiary of the Issuer, replacement or otherwise and (vii) all replacements of Notes (subject, where appropriate, in the case of (vi), to the Registrar having been notified as provided in this Agreement); | |
|  | (b) | effect exchanges of interests in Global Notes for Definitive Notes, in accordance with the Conditions and this Agreement, keep a record of all exchanges and ensure that the Fiscal Agent is notified immediately after any exchange; | |
|  | (c) | register all transfers of Definitive Notes; | |
|  | (d) | receive any document in relation to or affecting the title to any of the Notes including all forms of transfer, forms of exchange, probates, letters of administration and powers of attorney; | |
|  | (e) | immediately, and in any event within three Business Days (being days when banks are open for business in the city in which the specified office of the Registrar is located) of the relevant request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), (i) upon receipt by it of Definitive Notes for transfer (together with any certifications required by it) or (ii) following reduction in nominal amount of a Global Note on exchange into Definitive Notes, authenticate and deliver at its specified office to the transferee or (at the risk of the transferee) send to the address requested by the transferee duly dated and completed Definitive Notes of a like aggregate nominal amount to the Definitive Notes transferred and, in the case of the transfer of part only of a Definitive Note, authenticate and deliver at its specified office to the transferor or (at the risk of the transferor) send to the address requested by the transferor a duly dated and completed Definitive Note in respect of the balance of the Definitive Notes not so transferred; | |
|  | (f) | if appropriate, charge to the holder of a Note presented for exchange or transfer (i) the costs or expenses (if any) of delivering Notes issued on exchange or transfer other than by regular uninsured mail and (ii) a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration; | |
|  | (g) | maintain proper records of the details of all documents and certifications received by itself or any other Transfer Agent (subject to receipt of all necessary information from the other Transfer Agents); | |
|  | (h) | prepare any lists of holders of the Notes required by the Issuer or the Fiscal Agent or any person authorised by either of them; | |
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|  | (i) | subject to applicable laws and regulations at all reasonable times during office hours make the Register available to the Issuer or any person authorised by it or the holder of any Note for inspection and for the taking of copies or extracts; | |
|  | (j) | comply with the reasonable requests of the Issuer with respect to the maintenance of the Register and give to the other Agents any information reasonably required by them for the proper performance of their duties; and | |
|  | (k) | comply with the terms of any duly executed form of transfer. | |
| 9.3 | Notwithstanding anything to the contrary in this Agreement, in the event of a partial redemption of Notes under Condition 7, the Registrar shall not be required, unless so directed by the Issuer, (a) to register the transfer of Definitive Notes (or parts of Definitive Notes) or to effect exchanges of interests in Global Notes for Definitive Notes during the period beginning on the sixty‑fifth day before the date of the partial redemption and ending on the day on which notice is given specifying the serial numbers of Notes called (in whole or in part) for redemption (both inclusive) or (b) to register the transfer of any Note (or part of a Note) called for partial redemption. | | |
| 9.4 | Notes shall be dated: | | |
|  | (a) | in the case of a Note issued on the Issue Date, the Issue Date; or | |
|  | (b) | in the case of a Definitive Note issued in exchange for an interest in a Global Note, or upon transfer, with the date of registration in the Register of the exchange or transfer; or | |
|  | (c) | in the case of a Definitive Note issued to the transferor upon transfer in part of a Note, with the same date as the date of the Note transferred; or | |
|  | (d) | in the case of a Definitive Note issued under Condition 11 (*Replacement of Notes*), with the same date as the date of the lost, stolen, mutilated, defaced or destroyed Note in replacement of which it is issued. | |
| **10.** | **DUTIES OF THE TRANSFER AGENTS** | | |
| 10.1 | The Transfer Agents shall perform the duties set out in this Agreement and the Conditions and, in performing those duties, shall act in accordance with the Conditions and this Agreement. | | |
| 10.2 | Each Transfer Agent shall: | | |
|  | (a) | accept Notes delivered to it, with the form of transfer on them duly executed, for the transfer or exchange of all or part of the Note in accordance with the Conditions, and shall, in each case, give to the Registrar all relevant details required by it; | |
|  | (b) | immediately, and in any event within three Business Days (being days when banks are open for business in the city in which the specified office of the Registrar is located) of the relevant request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), (i) upon receipt by it of Definitive Notes for transfer (together with any certifications required by it) or (ii) following reduction in the nominal amount of a Global Note on exchange into Definitive Notes, authenticate and deliver at its specified office to the transferee or (at the risk of the transferee) send to the address requested by the transferee duly dated and completed Definitive Notes of a like aggregate nominal amount to the Definitive Notes transferred and, in the case of the transfer of part only of a Definitive Note, authenticate and deliver at its specified office to the transferor or (at the risk of the transferor) send to the address requested by the transferor a duly dated and | |
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|  |  | completed Definitive Note in respect of the balance of the Definitive Notes not so transferred; |
|  | (c) | if appropriate, charge to the holder of a Note presented for exchange or transfer (i) the costs and expenses (if any) of delivering Notes issued on exchange or transfer other than by regular uninsured mail and (ii) a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration and, in each case, account to the Registrar for those charges; and |
|  | (d) | at the request of any Paying Agent deliver new Notes to be issued on partial redemptions of a Note. |
| **11.** | **REGULATIONS FOR TRANSFERS OF NOTES** | |

Subject as provided below, the Issuer may from time to time agree with the Fiscal Agent and the Registrar reasonable regulations to govern the transfer and registration of Notes. The initial regulations, which shall apply until amended under this clause, are set out in ‎Schedule 8. The Transfer Agents agree to comply with the regulations as amended from time to time.

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| **12.** | **DUTIES OF THE AGENTS IN CONNECTION WITH EARLY REDEMPTION** | | |
| 12.1 | If the Issuer decides to redeem any Notes for the time being outstanding before their Maturity Date  in accordance with the Conditions, the Issuer shall give notice of the decision to the Fiscal Agent and the Registrar stating the date on which the Notes are to be redeemed and the nominal amount of Notes to be redeemed not less than 15 days before the date on which the Issuer will give notice to the Noteholders in accordance with the Conditions of the redemption in order to enable the Fiscal Agent and the Registrar to carry out its duties in this Agreement and in the Conditions. | | |
| 12.2 | If some only of the Notes are to be redeemed, the Fiscal Agent shall, in the case of Definitive Notes, make the required drawing in accordance with the Conditions but shall give the Issuer reasonable notice of the time and place proposed for the drawing and the Issuer shall be entitled to send representatives to attend the drawing and shall, in the case of Notes in global form, co-ordinate the selection of Notes to be redeemed with Euroclear and Clearstream, Luxembourg, all in accordance with the Conditions. | | |
| 12.3 | The Fiscal Agent shall publish the notice required in connection with any redemption and shall, if applicable, at the same time also publish a separate list of the serial numbers of any Notes in definitive form previously drawn and not presented for redemption.  The redemption notice shall specify the date fixed for redemption, the redemption amount, the manner in which redemption will be effected and, in the case of a partial redemption of Definitive Notes, the serial numbers of the Notes to be redeemed.  The notice will be published in accordance with the Conditions.  The Fiscal Agent will also notify the other Agents of any date fixed for redemption of any Notes. | | |
| 12.4 | The Registrar and each Paying Agent will keep a stock of Put Notices and Change of Control Exercise Notices and will make them available on demand to holders of Definitive Notes, the Conditions of which provide for redemption at the option of Noteholders.  Upon receipt of any Note deposited in the exercise of a put option in accordance with the Conditions, the Registrar or, as the case may be, the Paying Agent with which the Note is deposited shall hold the Note on behalf of the depositing Noteholder (but shall not, save as provided below, release it) until the due date for redemption of the relevant Note consequent upon the exercise of the option, when, subject as provided below, it shall present the Note to itself for payment of the amount due together with any interest due on the date of redemption in accordance with the Conditions and shall pay those moneys in accordance with the directions of the Noteholder contained in the relevant Put Notice or Change of Control Exercise Notice, as the case may be.  If, prior to the due date for its redemption, an Event | | |
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|  | of Default has occurred and is continuing or the Note becomes immediately due and repayable or if upon due presentation payment of the redemption moneys is improperly withheld or refused, the Registrar or, as the case may be, the Paying Agent concerned shall post the Note by uninsured post to, and at the risk of, the relevant Noteholder (unless the Noteholder has otherwise requested and paid the costs of insurance to the Registrar or, as the case may be, the relevant Paying Agent at the time of depositing the Notes) at the address given by the Noteholder in the relevant Put Notice or Change of Control Exercise Notice, as the case may be.  In the case of a partial redemption of Notes, the Registrar shall, in accordance with the Conditions, post a new Note in respect of the balance of the Notes not redeemed to the registered holder.  At the end of each period for the exercise of any put option, the Registrar and each Paying Agent shall promptly notify the Fiscal Agent of the principal amount of the Notes in respect of which the option has been exercised with it together with their serial numbers and the Fiscal Agent shall promptly notify those details to the Issuer. | | |
| **13.** | **RECEIPT AND PUBLICATION OF NOTICES** | | |
| 13.1 | On behalf of and at the written request and expense of the Issuer (failing which the Guarantor), the Fiscal Agent shall cause to be published all notices required to be given by the Issuer and/or the Guarantor under the Conditions. | | |
| 13.2 | The Fiscal Agent, on receipt of a notice or other communication received on behalf of the Issuer or the Guarantor, shall as soon as reasonably practicable forward a copy to the Issuer and the Guarantor. | | |
| **14.** | **CANCELLATION OF NOTES** | | |
| 14.1 | All Notes which are redeemed, all Global Notes which are exchanged in full and all Notes which have transferred will be cancelled by the Paying Agent by or to which they are redeemed, transferred or exchanged.  Each of the Paying Agents shall give to the Fiscal Agent details of all payments by it and shall deliver all cancelled Notes to the Fiscal Agent (or as the Fiscal Agent may specify). Where Notes are purchased by or on behalf of the Issuer or the Guarantor, the Issuer or, as the case may be, the Guarantor, will promptly notify the Fiscal Agent in writing of all Notes it has purchased. | | |
| 14.2 | The Fiscal Agent shall (i) keep full and complete records of (such records to be made available to the Issuer and the Guarantor at all reasonable times) and (ii) upon written request give to the Issuer and the Guarantor, as soon as possible and in any event within four months after the date of each redemption, repayment, payment, cancellation or replacement, (as the case may be) a certificate stating (as applicable): | | |
|  | (a) | the aggregate nominal amount of Notes which have been redeemed and the aggregate amount paid in respect of them; | |
|  | (b) | the number of Notes cancelled; | |
|  | (c) | the aggregate amount paid in respect of interest on the Notes; and | |
|  | (d) | (in the case of Definitive Notes) the serial numbers of the Notes. | |
| 14.3 | The Fiscal Agent or its authorised agent shall (unless otherwise instructed by the Issuer in writing) destroy all cancelled Notes and, upon written request, shall furnish the Issuer and the Guarantor with a certificate of destruction containing written particulars of the serial numbers of the Notes so destroyed. | | |
| 14.4 | The Fiscal Agent shall instruct Euroclear and Clearstream, Luxembourg to make appropriate entries in their records in respect of all Notes which are cancelled. | | |
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| 14.5 | Without prejudice to the obligations of the Fiscal Agent under subclause 14.2, the Fiscal Agent shall keep a full and complete record of all Notes, and of their redemption, purchase on behalf of the Issuer or the Guarantor or any of the Issuer’s other Subsidiaries and cancellation, payment or replacement (as the case may be) and of all replacement Notes, issued in substitution for mutilated, defaced, destroyed, lost or stolen Notes. The Fiscal Agent shall at all reasonable times make the record available to the Issuer, the Guarantor and any persons authorised by either of them for inspection and for the taking of copies of it or extracts from it. | | |
| 14.6 | The Fiscal Agent is authorised by the Issuer and instructed to in the case of any Global Note which is held under the NSS, to instruct Euroclear and Clearstream, Luxembourg to make appropriate entries in their records to reflect such redemption or purchase and cancellation, as the case may be; provided, that, in the case of a purchase or cancellation, the Issuer has notified the Fiscal Agent of the same in accordance with subclause 14.1. | | |
| **15.** | **ISSUE OF REPLACEMENT NOTES** | | |
| 15.1 | The Issuer will cause a sufficient quantity of additional forms of (Notes, to be available, upon request, to the Registrar at its specified office for the purpose of issuing replacement Notes as provided below. | | |
| 15.2 | The Fiscal Agent and the Registrar shall, subject to and in accordance with the Conditions and this clause, cause to be delivered any replacement Notes which the Issuer may determine to issue in place of Notes which have been lost, stolen, mutilated, defaced or destroyed. | | |
| 15.3 | The Fiscal Agent or the Registrar, as the case may be, shall obtain verification in the case of an allegedly lost, stolen or destroyed Note in respect of which the serial number is known, that the Note has not previously been redeemed, paid or exchanged, as the case may be.  Neither the Fiscal Agent nor, as the case may be, the Registrar shall issue any replacement Note unless and until the claimant shall have: | | |
|  | (a) | paid such expenses and costs as may be incurred in connection with the replacement; | |
|  | (b) | furnished it with such evidence and indemnity as the Issuer may reasonably require; and | |
|  | (c) | in the case of any mutilated or defaced Note, surrendered it to the Fiscal Agent or, as the case may be, the Registrar. | |
| 15.4 | The Fiscal Agent or, as the case may be, the Registrar shall cancel any mutilated or defaced Notes in respect of which replacement Notes have been issued pursuant to this clause. The Fiscal Agent shall, unless otherwise requested by the Issuer or the Guarantor, destroy all those Notes and shall furnish the Issuer and the Guarantor with a destruction certificate containing the information specified in subclause 14.3. | | |
| 15.5 | The Fiscal Agent or, as the case may be, the Registrar shall, on issuing any replacement Note forthwith inform the Issuer and the other Agents of the serial number of the replacement Note issued and (if known) of the serial number of the Note in place of which the replacement Note has been issued. | | |
| 15.6 | The Fiscal Agent and the Registrar shall keep a full and complete record of all replacement Notes issued and shall make the record available at all reasonable times to the Issuer, the Guarantor and any persons authorised by either of them for inspection and for the taking of copies of it or extracts from it. | | |
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| **16.** | **COPIES OF DOCUMENTS AVAILABLE FOR INSPECTION** |
| 16.1 | The Guarantee shall be deposited with the Fiscal Agent and shall be held in safe custody by the Fiscal Agent on behalf of the Noteholders. |
| 16.2 | The Paying Agents shall hold copies of all documents required to be so available by the Conditions or the rules of any relevant Stock Exchange (or any other relevant authority) and shall make such copies available for inspection by Noteholders at its specified office during normal business hours. For this purpose, the Issuer and/or the Guarantor shall furnish each Paying Agent with sufficient copies of each of the relevant documents. |
| **17.** | **MEETINGS OF NOTEHOLDERS** |

The provisions of ‎Schedule 6 shall apply to meetings of the Noteholders and shall have effect in the same manner as if set out in this Agreement provided that, so long as any of the Notes are represented by a Global Note, the expression **Noteholders** shall include the persons for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg (other than Clearstream, Luxembourg, if Clearstream, Luxembourg shall be an accountholder of Euroclear, and Euroclear, if Euroclear shall be an accountholder of Clearstream, Luxembourg), as the holders of a particular principal amount of such Notes (each an **Accountholder**) (in which regard a certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding save in the case of manifest error) for all purposes other than with respect to the payment of principals and interest on such Notes, the right to which shall be vested as against the Issuer solely in the bearer of each Global Note in accordance with and subject to its terms, and the expressions **holder** and **holders** shall be construed accordingly.

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| **18.** | **COMMISSIONS AND EXPENSES** | | |
| 18.1 | The Issuer or failing the Issuer, the Guarantor shall pay to the Fiscal Agent such fees and commissions in respect of the services of the Agents under this Agreement as shall be agreed between the Issuer, the Guarantor and the Fiscal Agent. The Issuer and the Guarantor shall not be concerned with the apportionment of such fees and commissions among the Agents. | | |
| 18.2 | The Issuer (and failing the Issuer, the Guarantor) shall pay to the Fiscal Agent an amount equal to any value added tax which may be payable in respect of the fees and commissions together with all reasonable expenses incurred by the Paying Agents in connection with their services under this Agreement. | | |
| 18.3 | The Fiscal Agent shall arrange for the payment of the fees and commissions due to the other Agents and arrange for the reimbursement of their expenses promptly after the receipt of the relevant moneys from the Issuer or the Guarantor (as the case may be).  Neither the Issuer nor the Guarantor shall be responsible for any payment or reimbursement by the Fiscal Agent to the other Paying Agents. | | |
| 18.4 | The fees, commissions and expenses payable to the Fiscal Agent for services rendered and the performance of its obligations under this Agreement shall not be abated by any remuneration or other amounts or profits receivable by the Agent (or to its knowledge by any of its associates) in connection with any transaction effected by the Fiscal Agent with or for the Issuer. | | |
| **19.** | **INDEMNITY** | | |
| 19.1 | The Issuer shall indemnify (and failing the Issuer so indemnifying, the Guarantor agrees to indemnify) each of the Agents against any losses, liabilities, costs, claims, actions, demands or | | |
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|  | expenses (together, **Losses**) (including, but not limited to, all reasonable costs, legal fees, charges and expenses (together, **Expenses**) paid or incurred in defending or disputing any Losses) which it may incur or which may be made against it as a result of or in connection with its appointment or the exercise of its powers and duties under this Agreement except for any Losses or Expenses resulting from its own negligence, wilful default or fraud or that of its directors, officers or employees or the breach by it of the terms of this Agreement. | | |
| 19.2 | The Agents shall indemnify each of the Issuer and the Guarantor against any Losses (including Expenses) paid or incurred in defending or disputing any Losses which it may incur or which may be made against it as a result of or in connection with its appointment or the exercise of its powers and duties under this Agreement to the extent that any Losses or Expenses result directly from its own negligence, wilful default or fraud or that of its directors, officers or employees or the breach by it of the terms of this Agreement. | | |
| 19.3 | Notwithstanding any other provision of this Agreement, the Issuer shall indemnify the Fiscal Agent against any Losses howsoever incurred in connection with the Issuer’s obligation to withhold or deduct an amount on account of tax. | | |
| 19.4 | Each Agent will only be liable to the Issuer or the Guarantor for losses, liabilities, costs, expenses and demands arising directly from the performance of its obligations under this Agreement suffered by or occasioned to the Issuer (**Liabilities**) to the extent that the Agent has been negligent, fraudulent or in wilful default in respect of its obligations under this Agreement. Each Agent shall not otherwise be liable or responsible for any Liabilities or inconvenience which may result from anything done or omitted to be done by it in connection with this Agreement. For the avoidance of doubt the failure of the Fiscal Agent to make a claim for payment of interest and principal on the Issuer, or to inform any other paying agent or clearing system of a failure on the part of the Issuer to meet any such claim or to make a payment by the stipulated date, shall not be deemed to constitute negligence, fraud or wilful default on the part of the Fiscal Agent. | | |
| 19.5 | The indemnities set out in this clause 19 shall survive any termination or expiry of this Agreement. | | |
| 19.6 | Liabilities arising under clause 19.3 shall be limited to the amount of the Issuer’s and/or the Guarantor’s actual loss. Such actual loss shall be determined (i) as at the date of default of each Agent or, if later, the date on which the loss arises as a result of such default and (ii) without reference to any special conditions or circumstances known to the Agents at the time of entering into the Agreement, or at the time of accepting any relevant instructions, which increase the amount of the loss. Under no circumstances will the Agents be liable to the Issuer, the Guarantor or any other party to this Agreement for any special, punitive, indirect or consequential loss or damage of any kind whatsoever (including, without limitation, loss of profit), whether or not foreseeable, even if advised of the possibility of such loss or damage. | | |
| 19.7 | The liability of each Agent under clause 19.3 will not extend to any Liabilities arising through any acts, events or circumstances not reasonably within its control, or resulting from the general risks of investment in or the holding of assets in any jurisdiction, including, but not limited to, Liabilities arising from: nationalisation, expropriation or other governmental actions; any law, order or regulation of a governmental, supranational or regulatory body; regulation of the banking or securities industry including changes in market rules or practice, currency restrictions, devaluations or fluctuations; market conditions affecting the execution or settlement of transactions or the value of assets; breakdown, failure or malfunction of any third party transport, telecommunications, computer services or systems; natural disasters or acts of God; war, terrorism, insurrection or revolution; and strikes or industrial action. | | |
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| **20.** | **RESPONSIBILITY OF THE AGENTS** | | |
| 20.1 | No Agent shall be responsible to anyone with respect to the validity of this Agreement or the Notes or for any act or omission by it in connection with this Agreement or any Note except for its own negligence, wilful default or fraud, including that of its officers and employees. | | |
| 20.2 | No Agent shall have any duty or responsibility in the case of any default by the Issuer or the Guarantor in the performance of its obligations under the Conditions or, in the case of receipt of a written demand from a Noteholder, with respect to such default, provided however that immediately on receiving any notice given by a Noteholder in accordance with Condition 10 (*Events of Default*), the Fiscal Agent notifies the Issuer and, where applicable, the Guarantor of the fact and furnishes it with a copy of the notice. | | |
| 20.3 | Whenever in the performance of its duties under this Agreement an Agent shall deem it desirable that any matter be established by the Issuer or the Guarantor prior to taking or suffering any action under this Agreement, the matter may be deemed to be conclusively established by a certificate signed by the Issuer or the Guarantor and delivered to the Agent and the certificate shall be a full authorisation to the Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon the certificate. | | |
| **21.** | **CONDITIONS OF APPOINTMENT** | | |
| 21.1 | Save as provided in clause 18.3, each Agent shall be entitled to deal with money paid to it by the Issuer or the Guarantor for the purposes of this Agreement in the same manner as other money paid to a bank by its customers and shall not be liable to account to the Issuer or the Guarantor for any interest or other amounts in respect of such money. No money held by any Agent need be segregated except as required by law. | | |
| 21.2 | In acting under this Agreement and in connection with the Notes, each Agent shall act solely as an agent of the Issuer and the Guarantor and will not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders. | | |
| 21.3 | No Agent shall exercise any right of set-off or lien against the Issuer, the Guarantor or any holders of Notes in respect of any moneys payable to or by it under the terms of this Agreement. | | |
| 21.4 | Except as otherwise required by law, each of the Agents shall be entitled to treat the registered holder of any Note as the absolute owner for all purposes (whether or not any payment in respect of the relevant Note shall be overdue and notwithstanding any notice of ownership or writing on the Note or any notice of any previous loss or theft of the Note). | | |
| 21.5 | The Agents shall be obliged to perform such duties and only such duties as are set out in this Agreement (including Schedule 10 in the case of the Fiscal Agent and the Registrar) and the Notes and no implied duties or obligations (including without limitation duties or obligations of a fiduciary or equitable nature) shall be read into this Agreement or the Notes against the Agents other than the duty to act honestly and in good faith. | | |
| 21.6 | Each Agent may consult with any expert or legal, financial and other professional advisers and the opinion of such advisers shall be full and complete protection in respect of any action taken, omitted or suffered under this Agreement in good faith and in accordance with the opinion of such advisers. | | |
| 21.7 | Each Agent shall be protected and shall incur no liability for or in respect of any action taken, omitted or suffered in reliance upon any instruction, request or order from the Issuer or the Guarantor or any document which it reasonably believes to be genuine and to have been delivered, | | |
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|  | signed or sent by the proper party or parties or on written instructions from the Issuer or the Guarantor. | | |
| 21.8 | Any Agent, their officers, directors or employees may become the owner of, or acquire any interest in, any Notes with the same rights that it or he would have had if the Agent concerned were not appointed under this Agreement, and may engage or be interested in any financial or other transaction with the Issuer or the Guarantor and may act on, or as depositary, trustee or agent for, any committee or body of holders of Notes or other obligations of the Issuer or the Guarantor as freely as if such Agent were not appointed under this Agreement, without regard to the interests of the Issuer or the Guarantor and shall be entitled to retain and shall not in any way be liable to account for any profit made or share of brokerage or commission or remuneration or other amount or benefit received thereby or in connection therewith. | | |
| 21.9 | None of the Agents shall be under any obligation to take any action under this Agreement (i) which may be illegal or contrary to applicable law or regulation, or the rules, operating procedures or market practice of any relevant stock exchange or other market or clearing system or (ii) which it expects will result in any expense, loss, charge or liability accruing to it, the payment of which or adequate indemnity against which within a reasonable time is not, in its opinion, assured to it. | | |
| 21.10 | None of the Agents shall have any obligation or duty (i) to monitor or inquire as to the performance of the Issuer of its obligations under the Notes, this Agreement or any other relevant documents or (ii) to determine or take any steps to ascertain whether any relevant event under the Notes has occurred. | | |
| 21.11 | Each party to this Agreement shall, within ten business days of a written request by another party, supply to that other party such forms, documentation and other information relating to it, its operations, or the Notes as that other party reasonably requests for the purposes of that other party's compliance with Applicable Law and shall notify the relevant other party reasonably promptly in the event that it becomes aware that any of the forms, documentation or other information provided by such party is (or becomes) inaccurate in any material respect; provided, however, that no party shall be required to provide any forms, documentation or other information pursuant to this subclause 21.11 to the extent that: (i) any such form, documentation or other information (or the information required to be provided on such form or documentation) is not reasonably available to such party and cannot be obtained by such party using reasonable efforts; or (ii) doing so would or might in the reasonable opinion of such party constitute a breach of any: (a) Applicable Law; (b) fiduciary duty; or (c) duty of confidentiality. For the purposes of this subclause 21.11, **Applicable Law** shall be deemed to include (i) any rule or practice of any Authority by which any party to this Agreement is bound or with which it is accustomed to comply; (ii) any agreement between any Authorities; and (iii) any agreement between any Authority and any party to this Agreement that is customarily entered into by institutions of a similar nature. Applicable Law and Authority shall have the meanings set out in subclause 6.10 above. | | |
| 21.12 | Nothing in this Agreement shall require any Agent to assume an obligation of the Issuer arising under any provision of the listing, prospectus, disclosure or transparency rules (or equivalent rules of any other competent authority besides the Financial Conduct Authority (**FCA**) or Prudential Regulation Authority (**PRA**)). | | |
| 21.13 | The Fiscal Agent is authorised by the PRA and regulated by the FCA and PRA. Nothing in this Agreement shall require the Fiscal Agent to carry on an activity of the kind specified by any provision of Part II (other than article 5 (accepting deposits)) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, or to lend money to the Issuer. | | |
| 21.14 | No Agent shall be responsible to anyone with respect to the legality of this Agreement or the validity or legality of the Notes. | | |
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| 21.15 | In the case of any default by the Issuer or the Guarantor, no Agent shall have any duty or responsibility in the performance of the Issuer’s obligations under the Conditions. |
| 21.16 | The amount of the Programme may be increased by the Issuer in accordance with the procedure set out in the Programme Agreement.  Upon any increase being effected, all references in this Agreement to the amount of the Programme shall be deemed to be references to the increased amount. |
| 21.17 | If Definitive Notes are issued in accordance with the provisions of a Global Note, in connection with HSBC Group’s commitment to comply with all applicable sanctions regimes, each Agent and any affiliate or subsidiary of HSBC Holdings plc may take any action in its sole and absolute discretion that it considers appropriate to comply with any law, regulation, request of a public or regulatory authority, any agreement between any member of the HSBC Group and any government authority or any HSBC Group policy that relates to the prevention of fraud, money laundering, terrorism, tax evasion, evasion of economic or trade sanctions or other criminal activities (collectively, the **Relevant Requirements**). |

Such action may include, but is not limited to:

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|  | (a) | screening, intercepting and investigating any transaction, instruction or communication, including the source of, or intended recipient of, funds; |
|  | (b) | delaying or preventing the processing of instructions or transactions or each Agent’s performance of its obligations under this Agreement; |
|  | (c) | the blocking of any payment; or |
|  | (d) | requiring the Issuer to enter into a financial crime compliance representations letter from time to time in a form and substance acceptable to the HSBC Group. |

Where possible and permitted, the relevant Agent will endeavour to notify the Issuer of the existence of such circumstances. To the extent permissible by law, neither the Agents nor any member of the HSBC Group will be liable for loss (whether direct or consequential and including, without limitation, loss of profit or interest) or damage suffered by any party arising out of, or caused in whole or in part by, any actions that are taken by the relevant Agent or any other member of the HSBC Group to comply with any Relevant Requirement.

In this subclause 21.17, **HSBC Group** means HSBC Holdings plc together with its subsidiary undertakings from time to time.

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| **22.** | **COMMUNICATIONS BETWEEN THE PARTIES** | | |
| 22.1 | A copy of all communications relating to the subject matter of this Agreement between the Issuer or the Guarantor and any Agent (other than the Fiscal Agent) shall be sent to the Fiscal Agent. | | |
| 22.2 | In no event shall the Agents be liable for any Losses arising in regards to receiving or transmitting any data from the Issuer, the Guarantor or any Authorised Person or any party to the transaction via any non-secure method of transmission or communication, such as, but without limitation, by facsimile or e-mail. | | |
| 22.3 | The Issuer and the Guarantor accept that some methods of communication are not secure and the Agents shall incur no liability for receiving Instructions via any such non-secure method. The Agents are authorised to comply with and rely upon any such notice, Instructions or other communications believed to have been sent or given by an Authorised Person or an appropriate party to the | | |
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|  | transaction (or authorised representative thereof). The Issuer, the Guarantor and each authorised officer of the Issuer and the Guarantor shall use all reasonable endeavours to ensure that Instructions transmitted to the Agents pursuant to this Agreement are complete and correct. Any Instructions shall be conclusively deemed to be valid Instructions from the Issuer, the Guarantor or an authorised officer of the Issuer or the Guarantor to the Agents for the purposes of this Agreement. | |
| **23.** | **CHANGES IN AGENTS** | |
| 23.1 | The Issuer and the Guarantor may terminate the appointment of any Agent at any time and/or appoint additional or other Agents by giving to the Agent whose appointment is concerned and, where appropriate, the Fiscal Agent at least 45 days' prior written notice to that effect, provided that, so long as any of the Notes is outstanding: | |
|  | (a) | in the case of a Paying Agent, the notice shall not expire less than 45 days before any due date for the payment of interest; and |
|  | (b) | notice shall be given under Condition 13 (*Notices*) at least 30 days before the removal or appointment of an Agent. |

In addition, the Issuer and the Guarantor shall immediately appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6.3 (*General provisions applicable to payments*).

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| 23.2 | The termination of the appointment of an Agent under this Agreement shall not entitle the Agent to any amount by way of compensation but shall be without prejudice to any amount then accrued due. | | |
| 23.3 | All or any of the Agents may resign their respective appointments under this Agreement at any time by giving to the Issuer, the Guarantor and, where appropriate, the Fiscal Agent at least 90 days' prior written notice to that effect provided that, in the case of a Paying Agent, so long as any of the Notes is outstanding and in definitive form, the notice shall not expire less than 45 days before any Interest Payment Date.  Following receipt of a notice of resignation from a Paying Agent, the Issuer shall promptly, and in any event not less than 30 days before the resignation takes effect, give notice of such resignation to the Noteholders under Condition 13 (*Notices*).  If the Fiscal Agent resigns or is removed pursuant to subclause 24.1 or in accordance with this subclause 24.3, the Issuer and the Guarantor shall promptly and in any event within 30 days appoint a successor (being a leading bank acting through its office in London).  If the Issuer and the Guarantor fail to appoint a successor within such period, the Fiscal Agent shall be entitled, on behalf of the Issuer and the Guarantor, to appoint in its place as a successor Fiscal Agent a reputable financial institution of good standing which the Issuer and the Guarantor shall approve. | | |
| 23.4 | Notwithstanding the provisions of subclauses 24.1, 24.2 and 24.3, so long as any of the Notes is outstanding, the termination of the appointment of an Agent (whether by the Issuer and the Guarantor or by the resignation of the Agent) shall not be effective unless upon the expiry of the relevant notice there is: | | |
|  | (a) | so long as any Notes are listed on any Stock Exchange, at all times a Transfer Agent, which may be the Registrar, with a specified office in the place required by the rules and regulations of the relevant Stock Exchange or any other relevant authority; | |
|  | (b) | there will at all times be a Fiscal Agent and a Registrar; and | |
|  | (c) | there will at all times be a Paying Agent in a jurisdiction within Europe. | |
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| 23.5 | Any successor Agent shall execute and deliver to its predecessor, the Issuer, the Guarantor and, where appropriate, the Fiscal Agent an instrument accepting its appointment under this Agreement, and the successor Agent, without any further act, deed or conveyance, shall become vested with all the authority, rights, powers, trusts, immunities, duties and obligations of the predecessor with like effect as if originally named as an Agent. | | |
| 23.6 | If the appointment of an Agent under this Agreement is terminated (whether by the Issuer and the Guarantor or by the resignation of the relevant Agent), the Agent shall on the date on which the termination takes effect deliver to its successor Agent (or, if none, the Fiscal Agent) all Notes surrendered to it but not yet destroyed and all records concerning the Notes maintained by it (except such documents and records as it is obliged by law or regulation to retain or not to release) and pay to its successor Agent (or, if none, to the Fiscal Agent) the amounts (if any) held by it in respect of Notes which have become due and payable but which have not been presented for payment, but shall have no other duties or responsibilities under this Agreement. | | |
| 23.7 | If the Fiscal Agent or any of the other Agents shall change its specified office, it shall give to the Issuer, the Guarantor and, where appropriate, the Fiscal Agent not less than 45 days' prior written notice to that effect giving the address of the new specified office. As soon as practicable thereafter and in any event at least 30 days before the change, the Fiscal Agent shall, at the request of the Issuer, give to the Noteholders on behalf of and at the expense of the Issuer (failing which, the Guarantor) notice of the change and the address of the new specified office under Condition 13 (*Notices*). | | |
| 23.8 | A corporation into which any Agent for the time being may be merged or converted or a corporation with which the Agent may be consolidated or a corporation resulting from a merger, conversion or consolidation to which the Agent shall be a party shall, to the extent permitted by applicable law, be the successor Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties to this Agreement.  Notice of any merger, conversion or consolidation shall forthwith be given to the Issuer, the Guarantor and, where appropriate, the Fiscal Agent. | | |
| **24.** | **COMMUNICATIONS** | | |
| 24.1 | All communications shall be by fax, e-mail or letter delivered by hand or (but only where specifically provided in the Procedures Memorandum) by telephone.  Each communication shall be made to the relevant party at the fax number, e-mail address or address or telephone number and, in the case of a communication by fax, e-mail or letter, marked for the attention of, or (in the case of a communication by telephone) made to, the person or department from time to time specified in writing by that party to the others for the purpose.  The initial telephone number, e-mail address, fax number and person or department so specified by each party are set out in the Procedures Memorandum. | | |
| 24.2 | A communication shall be deemed received (if by fax) when an acknowledgement of receipt is received, (if by e-mail) when sent subject to no delivery failure notification being received by the sender within 24 hours of the time of sending, (if by telephone) when made or (if by letter) when delivered, in each case in the manner required by this clause.  However, if a communication is received after business hours on any business day or on a day which is not a business day in the place of receipt it shall be deemed to be received and become effective at the opening of business on the next business day in the place of receipt.  Every communication shall be irrevocable save in respect of any manifest error in it. | | |
| 24.3 | Any notice given under or in connection with this Agreement shall be in English.  All other documents provided under or in connection with this Agreement shall be: | | |
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|  | (a) | in English; or |
|  | (b) | if not in English, accompanied by a certified English translation and, in this case, the English translation shall prevail unless the document is a statutory or other official document. |
| **25.** | **TAXES AND STAMP DUTIES** | |

The Issuer (failing which the Guarantor) agrees to pay any and all stamp and other documentary taxes or duties which may be payable in connection with the execution, delivery, performance and enforcement of this Agreement.

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| **26.** | **AMENDMENTS** |

The Fiscal Agent and the Issuer may agree, without the consent of the Noteholders, to:

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|  | (a) | any modification (except as mentioned in the Conditions) of this Agreement which is not materially prejudicial to the interests of the Noteholders; or |
|  | (b) | any modification of the Notes or this Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law. |

Any modification so made shall be binding on the Noteholders and shall be notified to the Noteholders in accordance with Condition 13 (*Notices*) as soon as practicable after it has been agreed.

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| **27.** | **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999** |

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

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| **28.** | **GOVERNING LAW AND SUBMISSION TO JURISDICTION** |
| **28.1** | **Governing law** |

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, the laws of England.

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| **28.2** | **Submission to jurisdiction** | | |
|  | (a) | Subject to subclause 28.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement, including any dispute as to its existence, validity, interpretation, performance, breach or termination or the consequences of its nullity and any dispute relating to any non-contractual obligations arising out of or in connection with it (a **Dispute**) and each party submits to the exclusive jurisdiction of the English courts. | |
|  | (b) | For the purpose of this subclause 28.2, the Issuer and the Guarantor each waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute. | |
|  | (c) | To the extent allowed by law, the Paying Agents may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions. | |
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| **28.3** | **Appointment of Process Agent** | |

The Issuer and the Guarantor each irrevocably appoints Airbags International Limited at Viking Way, Congleton, Cheshire, CW12 1TT as its agent under this Agreement for service of process in any proceedings before the English courts in relation to any Dispute, and agrees that, in the event of Airbags International Limited being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing in this clause 28 shall affect the right to serve process in any other manner permitted by law.

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| **28.4** | **Waiver of trial by jury** |

WITHOUT PREJUDICE TO SUBCLAUSE 28.2, THE ISSUER AND THE GUARANTOR EACH WAIVES ANY RIGHT IT MAY HAVE TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION IN CONNECTION WITH THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED BY THIS AGREEMENT. THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A BENCH TRIAL.

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| **29.** | | **GENERAL** | | | | | |
| 29.1 | | This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement. | | | | | |
| 29.2 | | If any provision in or obligation under this Agreement is or becomes invalid, illegal or unenforceable in any respect under the law of any jurisdiction, that will not affect or impair (i) the validity, legality or enforceability under the law of that jurisdiction of any other provision in or obligation under this Agreement, and (ii) the validity, legality or enforceability under the law of any other jurisdiction of that or any other provision in or obligation under this Agreement. | | | | | |
| **30.** | | **CONTRACTUAL RECOGNITION OF BAIL-IN** | | | | | |
| 30.1 | | Notwithstanding and to the exclusion of any other term of this Agreement or any other agreements, arrangements, or understanding between the Issuer, the Guarantor and the Agents, the Issuer and the Guarantor each acknowledge and accept that a BRRD Liability arising under this Agreement may be subject to the exercise of Bail-in Powers by the Relevant Resolution Authority, and each acknowledge, accept, and agree to be bound by: | | | | | |
|  | (a) | | the effect of the exercise of Bail-in Powers by any Relevant Resolution Authority in relation to any BRRD Liability of the Agents to the Issuer and/or the Guarantor under this Agreement, that (without limitation) may include and result in any of the following, or some combination thereof: | | | | |
|  | | | | (i) | the reduction of all, or a portion, of any BRRD Liability or outstanding amounts due thereon; | | |
|  | | | | (ii) | the conversion of all, or a portion, of any BRRD Liability into shares, other securities or other obligations of the Agents or another person (and the issue to or conferral on the Issuer and/or the Guarantor of such shares, securities or obligations); | | |
|  | | | | (iii) | the cancellation of any BRRD Liability; | | |
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|  | | | (iv) | the amendment or alteration of any interest, if applicable, thereon, the maturity or the dates on which any payments are due, including by suspending payment for a temporary period; |
|  | (b) | the variation of the terms of this Agreement, as deemed necessary by any Relevant Resolution Authority, to give effect to the exercise of Bail-in Powers by any Relevant Resolution Authority. | | |

In this Clause 30:

**Bail-in Legislation** means in relation to a member state of the European Economic Area which has implemented, or which at any time implements, the BRRD, the relevant implementing law, regulation, rule or requirement as described in the EU Bail-in Legislation Schedule from time to time;

**Bail-in Powers** means any Write-down and Conversion Powers as defined in the EU Bail-in Legislation Schedule, in relation to the relevant Bail-in Legislation;

**BRRD means** Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended from time to time);

**BRRD Liability** means a liability in respect of which the relevant Write-down and Conversion Powers in the applicable Bail-in Legislation may be exercised;

**EU Bail-in Legislation Schedule** means the document described as such, then in effect, and published by the Loan Market Association (or any successor person) from time to time athttp://www.lma.eu.com/pages.aspx?p=499; and

**Relevant Resolution Authority** means each resolution authority with the ability to exercise any Bail-in Powers in relation to the Agents.

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**FORM OF CALCULATION AGENCY AGREEMENT**

**THIS AGREEMENT** is dated [ ]

**BETWEEN**:

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| (1) | **Autoliv, Inc.** (the **Issuer**); and |
| (2) | **Autoliv ASP, Inc.** (the **Guarantor**); and |
| (3) | **[                    ]** of [                    ] (the **Calculation Agent**, which expression shall include any successor calculation agent appointed under this Agreement). |

**IT IS AGREED**:

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| **1.** | **APPOINTMENT OF THE CALCULATION AGENT** |

The Calculation Agent is appointed, and the Calculation Agent agrees to act, as Calculation Agent in respect of each Series of Notes described in the Schedule (the **Relevant Notes**) for the purposes set out in clause 2 and on the terms of this Agreement. The agreement of the parties that this Agreement is to apply to each Series of Relevant Notes shall be evidenced by the manuscript annotation and signature in counterpart of the Schedule.

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| **2.** | **DUTIES OF CALCULATION AGENT** |

The Calculation Agent shall in relation to each series of Relevant Notes (each a **Series**) perform all the functions and duties imposed on the Calculation Agent by the terms and conditions of the Relevant Notes (the **Conditions**) including endorsing the Schedule appropriately in relation to each Series of Relevant Notes.

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| **3.** | **EXPENSES** |

The arrangements in relation to expenses will be separately agreed in relation to each issue of Relevant Notes.

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| **4.** | **INDEMNITY** | | |
| 4.1 | The Issuer shall indemnify (and failing the Issuer so indemnifying, the Guarantor agrees to indemnify) the Calculation Agent against any losses, liabilities, costs, claims, actions, demands or expenses (together, **Losses**) (including, but not limited to, all reasonable costs, legal fees, charges and expenses (together, **Expenses**) paid or incurred in defending or disputing any Losses) which it may incur or which may be made against it as a result of or in connection with its appointment or the exercise of its powers and duties under this Agreement except for any Losses or Expenses resulting from its own negligence, wilful default or fraud or that of its directors, officers or employees or the breach by it of the terms of this Agreement. | | |
| 4.2 | The Calculation Agent shall indemnify each of the Issuer and the Guarantor against any Losses (including Expenses) paid or incurred in defending or disputing any Losses which it may incur or which may be made against it as a result of or in connection with its appointment or the exercise of its powers and duties under this Agreement to the extent that any Losses or Expenses result directly | | |
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|  | from its own negligence, wilful default or fraud or that of its directors, officers or employees or the breach by it of the terms of this Agreement. | | |
| 4.3 | The Calculation Agent will only be liable to the Issuer or the Guarantor for losses, liabilities, costs, expenses and demands arising directly from the performance of its obligations under this Agreement suffered by or occasioned to the Issuer (**Liabilities**) to the extent that the Calculation Agent has been negligent, fraudulent or in wilful default in respect of its obligations under this Agreement. The Calculation Agent shall not otherwise be liable or responsible for any Liabilities or inconvenience which may result from anything done or omitted to be done by it in connection with this Agreement. | | |
| 4.4 | The indemnities set out in this clause 4 shall survive any termination or expiry of this Agreement. | | |
| 4.5 | Liabilities arising under clause 4.3 shall be limited to the amount of the Issuer’s and/or the Guarantor’s actual loss. Such actual loss shall be determined (i) as at the date of default of the Calculation Agent or, if later, the date on which the loss arises as a result of such default and (ii) without reference to any special conditions or circumstances known to the Calculation Agent at the time of entering into the Agreement, or at the time of accepting any relevant instructions, which increase the amount of the loss. Under no circumstances will the Calculation Agent be liable to the Issuer, the Guarantor or any other party to this Agreement for any special, punitive, indirect or consequential loss or damage of any kind whatsoever (including, without limitation, loss of profit), whether or not foreseeable, even if advised of the possibility of such loss or damage. | | |
| 4.6 | The liability of the Calculation Agent under clause 4.3 will not extend to any Liabilities arising through any acts, events or circumstances not reasonably within its control, or resulting from the general risks of investment in or the holding of assets in any jurisdiction, including, but not limited to, Liabilities arising from: nationalisation, expropriation or other governmental actions; any law, order or regulation of a governmental, supranational or regulatory body; regulation of the banking or securities industry including changes in market rules or practice, currency restrictions, devaluations or fluctuations; market conditions affecting the execution or settlement of transactions or the value of assets; breakdown, failure or malfunction of any third party transport, telecommunications, computer services or systems; natural disasters or acts of God; war, terrorism, insurrection or revolution; and strikes or industrial action. | | |
| **5.** | **CONDITIONS OF APPOINTMENT** | | |
| 5.1 | In acting under this Agreement and in connection with the Notes the Calculation Agent shall act solely as agent of the Issuer and the Guarantor and will not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders. | | |
| 5.2 | In relation to each issue of Relevant Notes, the Calculation Agent shall be obliged to perform such duties and only such duties as are set out in this Agreement and the Conditions and no implied duties or obligations (including without limitation duties or obligations of a fiduciary or equitable nature) shall be read into this Agreement or the Conditions against the Calculation Agent other than the duty to act honestly and in good faith. | | |
| 5.3 | The Calculation Agent may consult with any expert or legal, financial and other professional advisers and the opinion of such advisers shall be full and complete protection in respect of any action taken, omitted or suffered under this Agreement in good faith and in accordance with the opinion of such advisers. | | |
| 5.4 | The Calculation Agent shall be protected and shall incur no liability for or in respect of any action taken, omitted or suffered in reliance upon any instruction, request or order from the Issuer or the Guarantor or any document which it reasonably believes to be genuine and to have been delivered, | | |
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|  | signed or sent by the proper party or parties or upon written instructions from the Issuer or the Guarantor. | | |
| 5.5 | The Calculation Agent, its officers, directors or employees may become the owner of, or acquire any interest in, Notes with the same rights that it or he would have if the Calculation Agent were not appointed under this Agreement, and may engage or be interested in any financial or other transaction with the Issuer or the Guarantor, and may act on, or as depositary, trustee or agent for, any committee or body of holders of the Notes or other obligations of the Issuer or the Guarantor, as freely as if such Calculation Agent were not appointed under this Agreement, without regard to the interests of the Issuer or the Guarantor and shall be entitled to retain and shall not in any way be liable to account for any profit made or share of brokerage or commission or remuneration or other amount or benefit received thereby or in connection therewith. | | |
| 5.6 | The Calculation Agent shall not be under any obligation to take any action under this Agreement (i) which may be illegal or contrary to applicable law or regulation, or the rules, operating procedures or market practice of any relevant stock exchange or other market or clearing system or (ii) which it expects will result in any expense, loss, charge or liability accruing to it, the payment of which or adequate indemnity against which within a reasonable time is not, in its opinion, assured to it. | | |
| **6.** | **TERMINATION OF APPOINTMENT** | | |
| 6.1 | The Issuer and the Guarantor may terminate the appointment of the Calculation Agent at any time by giving to the Calculation Agent at least 45 days' prior written notice to that effect, provided that, so long as any of the Relevant Notes is outstanding: | | |
|  | (a) | the notice shall not expire less than 45 days before any date on which any calculation is due to be made in respect of any Relevant Notes; and | |
|  | (b) | notice shall be given under Condition 13 (*Notices*) at least 30 days before any removal of the Calculation Agent. | |
| 6.2 | The termination of the appointment of the Calculation Agent under this Agreement shall not entitle the Calculation Agent to any amount by way of compensation but shall be without prejudice to any amount then accrued due. | | |
| 6.3 | The Calculation Agent may resign its appointment under this Agreement at any time by giving to the Issuer and the Guarantor at least 90 days' prior written notice to that effect.  Following receipt of a notice of resignation from the Calculation Agent, the Issuer shall promptly give notice of the resignation to the holders of the Relevant Notes in accordance with the Conditions. If the Calculation Agent resigns or is removed pursuant to subclause 6.1 or this subclause 6.3, the Issuer and the Guarantor shall promptly and in any event within 30 days appoint a successor (being a leading bank acting through its office in London). If the Issuer and the Guarantor fail to appoint a successor within such period, the Calculation Agent shall be entitled, on behalf of the Issuer and the Guarantor, to appoint in its place as a successor Calculation Agent a reputable financial institution of good standing which the Issuer and the Guarantor shall approve. | | |
| 6.4 | Notwithstanding the provisions of subclauses 6.1, 6.2 and 6.3, so long as any of the Relevant Notes is outstanding, the termination of the appointment of the Calculation Agent (whether by the Issuer, the Guarantor or by the resignation of the Calculation Agent) shall not be effective unless upon the expiry of the relevant notice a successor Calculation Agent has been appointed. | | |
| 6.5 | Any successor Calculation Agent shall execute and deliver to its predecessor, the Issuer and the Guarantor an instrument accepting its appointment under this Agreement and the successor Calculation Agent, without any further action, deed or conveyance, shall become vested with all the | | |
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|  | authority, rights, powers, trusts, immunities, duties and obligations of the predecessor with like effect as if originally named as the Calculation Agent. | | |
| 6.6 | If the appointment of the Calculation Agent under this Agreement is terminated (whether by the Issuer and the Guarantor or by the resignation of the Calculation Agent), the Calculation Agent shall on the date on which the termination takes effect deliver to its successor Calculation Agent any records concerning the Relevant Notes maintained by it (except such documents and records as it is obliged by law or regulation to retain or not to release), but shall have no other duties or responsibilities under this Agreement. | | |
| 6.7 | If the Calculation Agent shall change its specified office, it shall give to the Issuer and the Guarantor not less than 45 days’ prior written notice to that effect giving the address of the new specified office. | | |
| 6.8 | A corporation into which the Calculation Agent for the time being may be merged or converted or a corporation with which the Calculation Agent may be consolidated or any corporation resulting from a merger, conversion or consolidation to which the Calculation Agent shall be a party shall, to the extent permitted by applicable law, be the successor Calculation Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties to this Agreement. Notice of any merger, conversion or consolidation shall forthwith be given to the Issuer, the Guarantor and the Fiscal Agent. | | |
| **7.** | **COMMUNICATIONS** | | |
| 7.1 | All communications shall be by fax, e-mail or letter delivered by hand.  Each communication shall be made to the relevant party at the fax number, e-mail address or address and marked for the attention of the person or department from time to time specified in writing by that party to the others for the purpose.  The initial fax number, e-mail address and person or department so specified by each party are set out in the Procedures Memorandum or, in the case of the Calculation Agent, on the signature page of this Agreement. | | |
| 7.2 | A communication shall be deemed received (if by fax) when an acknowledgement of receipt is received (if by e-mail) when sent subject to no delivery failure notification being received by the sender within 24 hours of the time of sending, or (if by letter) when delivered, in each case in the manner required by this clause 7.  However, if a communication is received after business hours on any business day or on a day which is not a business day in the place of receipt it shall be deemed to be received and become effective at the opening of business on the next business day in the place of receipt.  Every communication shall be irrevocable save in respect of any manifest error in it. | | |
| 7.3 | Any notice given under or in connection with this Agreement shall be in English.  All other documents provided under or in connection with this Agreement shall be: | | |
|  | (a) | in English; or | |
|  | (b) | if not in English, accompanied by a certified English translation and, in this case, the English translation shall prevail unless the document is a statutory or other official document. | |
| **8.** | **GENERAL** | | |
| 8.1 | The descriptive headings in this Agreement are for convenience of reference only and shall not define or limit the provisions hereof. | | |
| 8.2 | This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement. | | |
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| 8.3 | If any provision in or obligation under this Agreement is or becomes invalid, illegal or unenforceable in any respect under the law of any jurisdiction, that will not affect or impair (i) the validity, legality or enforceability under the law of that jurisdiction of any other provision in or obligation under this Agreement, and (ii) the validity, legality or enforceability under the law of any other jurisdiction of that or any other provision in or obligation under this Agreement. |
| **9.** | **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999** |

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

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| **10.** | **GOVERNING LAW AND SUBMISSION TO JURISDICTION** |
| **10.1** | **Governing law** |

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, the laws of England.

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| **10.2** | **Submission to jurisdiction** |
| (a) | Subject to subclause 10.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement, including any dispute as to its existence, validity, interpretation, performance, breach or termination or the consequences of its nullity and any dispute relating to any non-contractual obligations arising out of or in connection with it (a Dispute) and each party submits to the exclusive jurisdiction of the English courts. |
| (b) | For the purposes of this subclause 10.2, the Issuer and the Guarantor each waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute. |
| (c) | To the extent allowed by law, the Calculation Agent may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions. |
| **10.3** | **Appointment of Process Agent** |

Each of the Issuer and the Guarantor irrevocably appoints Airbags International Limited at Viking Way, Congleton, Cheshire, CW12 1TT as its agent under this Agreement for service of process in any proceedings before the English courts in relation to any Dispute, and agrees that, in the event of Airbags International Limited being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute. The Issuer and the Guarantor each agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing in this clause 10 shall affect the right to serve process in any other manner permitted by law.

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| **10.4** | **Waiver of trial by jury** |

WITHOUT PREJUDICE TO SUBCLAUSE 10.2, THE ISSUER AND THE GUARANTOR EACH WAIVES ANY RIGHT IT MAY HAVE TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION IN CONNECTION WITH THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED BY THIS AGREEMENT. THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A BENCH TRIAL.

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| **10.5** | **Contractual Recognition of Bail-in** |

Notwithstanding and to the exclusion of any other term of this Agreement or any other agreements, arrangements, or understanding between the Issuer, the Guarantor and the Calculation Agent, the Issuer and the Guarantor each acknowledge and accept that a BRRD Liability arising under this Agreement may be subject to the exercise of Bail-in Powers by the Relevant Resolution Authority, and each acknowledge, accept, and agree to be bound by:

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| (a) | the effect of the exercise of Bail-in Powers by any Relevant Resolution Authority in relation to any BRRD Liability of the Calculation Agent to the Issuer and/or the Guarantor under this Agreement, that (without limitation) may include and result in any of the following, or some combination thereof: | | |
|  | | (i) | the reduction of all, or a portion, of any BRRD Liability or outstanding amounts due thereon; |
|  | | (ii) | the conversion of all, or a portion, of any BRRD Liability into shares, other securities or other obligations of the Calculation Agent or another person (and the issue to or conferral on the Issuer and/or the Guarantor of such shares, securities or obligations); |
|  | | (iii) | the cancellation of any BRRD Liability; |
|  | | (iv) | the amendment or alteration of any interest, if applicable, thereon, the maturity or the dates on which any payments are due, including by suspending payment for a temporary period; |
| (b) | the variation of the terms of this Agreement, as deemed necessary by any Relevant Resolution Authority, to give effect to the exercise of Bail-in Powers by any Relevant Resolution Authority. | | |

In this Clause 10.5:

**Bail-in Legislation** means in relation to a member state of the European Economic Area which has implemented, or which at any time implements, the BRRD, the relevant implementing law, regulation, rule or requirement as described in the EU Bail-in Legislation Schedule from time to time;

**Bail-in Powers** means any Write-down and Conversion Powers as defined in the EU Bail-in Legislation Schedule, in relation to the relevant Bail-in Legislation;

**BRRD means** Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended from time to time);

**BRRD Liability** means a liability in respect of which the relevant Write-down and Conversion Powers in the applicable Bail-in Legislation may be exercised;

**EU Bail-in Legislation Schedule** means the document described as such, then in effect, and published by the Loan Market Association (or any successor person) from time to time athttp://www.lma.eu.com/pages.aspx?p=499; and

**Relevant Resolution Authority** means each resolution authority with the ability to exercise any Bail-in Powers in relation to the Calculation Agent.

**THIS AGREEMENT** has been entered into on the date stated at the beginning of this Agreement.

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**Autoliv, Inc.**

By:

**Autoliv ASP, Inc.**

By:

[**CALCULATION AGENT**]

[*Address of Calculation Agent*]

Telefax No:[ ]

Attention:[ ]

By:

**Contact Details**

**HSBC Bank plc**

[Issuer Services, Europe

Level 22

8 Canada Square

London E14 5HQ

United Kingdom]

Email: [ctlondon.conventional@hsbc.com; ctla.payingagency@hsbc.com]

Attention: [Manager, Client Services, Issuer Services]

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**SCHEDULE TO THE CALCULATION AGENCY AGREEMENT**

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| Series Number | Issue Date | Maturity Date | Title and Nominal Amount | NSS [Yes/No] | Annotation by Calculation Agent/Issuer |
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**TERMS AND CONDITIONS OF THE NOTES**

*The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to “Applicable Pricing Supplement” for a description of the content of the applicable Pricing Supplement which will specify which of such terms are to apply in relation to the relevant Notes.*

This Note is one of a Series (as defined below) of Notes issued by Autoliv, Inc. (the “**Issuer**”) pursuant to the Agency Agreement (as defined below).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

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| (a) | in relation to any Notes represented by a global Note (a “**Global Note**”), units of each Specified Denomination in the Specified Currency; |
| (b) | any Global Note; and |
| (c) | any definitive Notes (whether or not issued in exchange for a Global Note). |

The Notes have the benefit of an amended and restated Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the “**Agency Agreement**”) dated 19 February 2021 and made between the Issuer, Autoliv ASP, Inc. (the “**Guarantor**”) as guarantor, HSBC Bank plc as issuing and fiscal agent (the “**Fiscal** **Agent**”, which expression shall include any successor fiscal agent) and the other paying agents named therein (together with the Fiscal Agent, the “**Paying Agents**”, which expression shall include any additional or successor paying agents), HSBC Bank plc as registrar (the “**Registrar**”, which expression shall include any successor registrar) and a transfer agent and the other transfer agents named therein (together with the Registrar, the “**Transfer Agents**”, which expression shall include any additional or successor transfer agents). The Fiscal Agent, the Calculation Agent (if any is specified in the applicable Pricing Supplement), the Registrar, the Paying Agents and other Transfer Agents are together referred to as the “**Agents**”.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Pricing Supplement attached to or endorsed on this Note which supplement these Terms and Conditions (the “**Conditions**”) and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Note. References to the “**applicable Pricing Supplement**” are, unless otherwise stated, to Part A of the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Note.

The payment of all amounts in respect of this Note have been guaranteed by the Guarantor pursuant to a Guarantee (such Guarantee, as modified and/or supplemented and/or restated from time to time, the “**Guarantee**”) dated 11 April 2019 and executed by the Guarantor. The original of the Guarantee is held by the Fiscal Agent on behalf of the Noteholders at its specified office.

Any reference to “**Noteholders**” or “**holders**” in relation to any Notes shall mean the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below.

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As used herein, “**Tranche**” means Notes which are identical in all respects (including as to listing and admission to trading) and “**Series**” means a Tranche of Notes together with any further Tranche or Tranches of Notes which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

The Noteholders are entitled to the benefit of the Deed of Covenant (such Deed of Covenant as modified and/or supplemented and/or restated from time to time, the “**Deed of Covenant**”) dated 11 April 2019 and made by the Issuer.

Copies of the Agency Agreement, the Guarantee and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Paying Agents. Copies of the applicable Pricing Supplement will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Notes and identity. The Noteholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Guarantee, the Deed of Covenant and the applicable Pricing Supplement which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

In the Conditions, **euro** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

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| **1.** | **FORM, DENOMINATION AND TITLE** |

The Notes are in registered form in the currency (the “**Specified Currency**”) and the denominations (the “**Specified Denomination(s)**”) specified in the applicable Pricing Supplement. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Pricing Supplement.

This Note may also be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Pricing Supplement.

Subject as set out below, title to the Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer, the Guarantor and any Agent will (except as otherwise required by law) deem and treat the registered holder of any Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any Note is represented by a Global Note held on behalf of Euroclear Bank SA/NV (“**Euroclear**”) and/or Clearstream Banking S.A. (“**Clearstream,** **Luxembourg**”), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the registered holder of the relevant Global Note

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shall be treated by the Issuer, the Guarantor and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions “**Noteholder**” and “**holder of Notes**” and related expressions shall be construed accordingly.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Pricing Supplement.

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| **2.** | **TRANSFERS OF NOTES** |
| 2.1 | **Transfers of interests in Global Notes** |

Transfers of beneficial interests in Global Notes will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Global Note of the same series only in the authorised denominations set out in the applicable Pricing Supplement and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement.

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| 2.2 | **Transfers of Notes in definitive form** |

Subject as provided in paragraph 2.3 below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Pricing Supplement). In order to effect any such transfer (a) the holder or holders must (i) surrender the Note for registration of the transfer of the Note (or the relevant part of the Note) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (b) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 8 to the Agency Agreement). Subject as provided above, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Note in definitive form of a like aggregate nominal amount to the Note (or the relevant part of the Note) transferred. In the case of the transfer of part only of a Note in definitive form, a new Note in definitive form in respect of the balance of the Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

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| 2.3 | **Registration of transfer upon partial redemption** |

In the event of a partial redemption of Notes under Condition 7, the Issuer shall not be required to register the transfer of any Note, or part of a Note, called for partial redemption.

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| 2.4 | **Costs of registration** |

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except

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that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

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| **3.** | **STATUS OF THE NOTES AND THE GUARANTEE** |
| 3.1 | **Status of the Notes** |

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

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| 3.2 | **Status of the Guarantee** |

The obligations of the Guarantor under the Guarantee are direct, unconditional and (subject to the provisions of Condition 4) unsecured obligations of the Guarantor and rank and will rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors’ rights.

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| **4.** | **NEGATIVE PLEDGE** |

So long as any Note remains outstanding (as defined in the Agency Agreement) neither the Issuer nor the Guarantor will, and each will procure that none of its Subsidiaries (as defined below) will, create or have outstanding any mortgage, charge, lien, pledge or other security interest (each a “**Security Interest**”) upon, or with respect to, any of its or their present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness (as defined below), unless the Issuer or the Guarantor, as the case may be, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that (a) all amounts payable by it under the Notes (and/or the Guarantee, as the case may be) are secured by the Security Interest equally and rateably with the Relevant Indebtedness; or (b) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) shall be provided as is approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders; provided that, the foregoing provisions shall not apply to any Security Interest (i) arising by operation of law or (ii) created by an entity which becomes a Subsidiary after the date of creation of such Security Interest where the Security Interest was not created in connection with or in contemplation of such entity becoming a Subsidiary and does not extend to or cover any undertaking, assets or revenues (including any uncalled capital) of the Issuer, the Guarantor or any of their respective other Subsidiaries.

In these Conditions:

“**Relevant Indebtedness**” means (i) any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities which are for the time being or are or are intended by the issuer thereof to be quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market and (ii) any guarantee or indemnity in respect of any such indebtedness; and

“**Subsidiary**” means in relation to any person (the “**first person**”) at any particular time, any other person (the “**second person**”):

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|  | (i) | whose affairs and policies the first person controls or has power to control, whether by ownership or share capital, contract, the power to appoint or remove members of the governing body of the second person or otherwise; or | | |
|  | (ii) | whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first person. | | |
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| **5.** | **INTEREST** |
| 5.1 | **Interest on Fixed Rate Notes** |

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

Except as provided in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

As used in the Conditions, “**Fixed Interest Period**” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Pricing Supplement, interest shall be calculated in respect of any period by applying the Rate of Interest to the Calculation Amount (or, if they are Partly Paid Notes, the aggregate amount paid up) and multiplying such sum by the applicable Day Count Fraction and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest, in accordance with this Condition 5.1:

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|  | (i) | | if “Actual/Actual (ICMA)” is specified in the applicable Pricing Supplement: | | | | | |
|  | | (A) | | | in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “**Accrual Period**”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or | | | |
|  | | (B) | | | in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of: | | | |
|  | | | | (1) | | the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and | | |
|  | | | | (2) | | the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and | | |
|  | (ii) | | if “30/360” is specified in the applicable Pricing Supplement, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) | | | | | |
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|  |  | to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360. |

In these Conditions:

“**Determination Period**” means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

“**sub-unit**” means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

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| 5.2 | **Interest on Floating Rate Notes** |
| (a) | **Interest Payment Dates** |

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

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|  | (i) | the Specified Interest Payment Date(s) in each year specified in the applicable Pricing Supplement; or |
|  | (ii) | if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each such date, together with each Specified Interest Payment Date, an “**Interest Payment Date**”) which falls the number of months or other period specified as the Specified Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date. |

Such interest will be payable in respect of each Interest Period. In these Conditions, “**Interest Period**” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date or the relevant payment date if the Notes become payable on a date other than an Interest Payment Date.

If a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

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|  | (A) | in any case where Specified Periods are specified in accordance with Condition 5.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or | | |
|  | (B) | the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or | | |
|  | (C) | the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or | | |
|  | (D) | the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day. | | |
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In these Conditions, “**Business Day**” means:

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|  | (a) | a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Centre (other than TARGET2 System) specified in the applicable Pricing Supplement; |
|  | (b) | if TARGET2 System is specified as an Additional Business Centre in the applicable Pricing Supplement, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the “**TARGET2 System**”) is open; and |
|  | (c) | either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open. |
| (b) | **Rate of Interest** | |

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Pricing Supplement.

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|  | (i) | ISDA Determination for Floating Rate Notes |

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this subparagraph (i), “**ISDA Rate**” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Fiscal Agent or the Calculation Agent, as applicable, under an interest rate swap transaction if the Fiscal Agent or the Calculation Agent, as applicable, were acting as Calculation Agent (as defined in the ISDA Definitions (as defined below)) for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the “**ISDA Definitions**”) and under which:

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|  | (A) | the Floating Rate Option is as specified in the applicable Pricing Supplement; |
|  | (B) | the Designated Maturity is a period specified in the applicable Pricing Supplement; and |
|  | (C) | the relevant Reset Date is the day specified in the applicable Pricing Supplement. |

For the purposes of this subparagraph (i), “**Floating Rate**”, “**Floating Rate Option**”, “**Designated Maturity**” and “**Reset Date**” have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Pricing Supplement the Minimum Rate of Interest shall be deemed to be zero.

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|  | (ii) | Screen Rate Determination for Floating Rate Notes other than Floating Rate Notes referencing SONIA |

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, and the applicable Pricing Supplement specifies that the Reference Rate is not Compounded Daily SONIA, the Rate of Interest for each Interest Period will, subject as provided below, be either:

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|  | (A) | the offered quotation; or |
|  | (B) | the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations, |

(expressed as a percentage rate per annum) for the Reference Rate (being either LIBOR or EURIBOR, as specified in the applicable Pricing Supplement) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Fiscal Agent or the Calculation Agent, as applicable. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Fiscal Agent or the Calculation Agent, as applicable, for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of Condition 5.2(b)(ii)(A), no such offered quotation appears or, in the case of Condition 5.2(b)(ii)(B), fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph (the “**Specified Time**”), the Fiscal Agent or the Calculation Agent, as applicable, shall request each of the Reference Banks to provide the Fiscal Agent or the Calculation Agent, as applicable, with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Fiscal Agent or the Calculation Agent, as applicable, with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Fiscal Agent or the Calculation Agent, as applicable.

If on any Interest Determination Date one only or none of the Reference Banks provides the Fiscal Agent or the Calculation Agent, as applicable, with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Fiscal Agent or the Calculation Agent, as applicable, determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Fiscal Agent or the Calculation Agent, as applicable, by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Fiscal Agent or the Calculation Agent, as applicable, with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Fiscal Agent or the Calculation Agent, as applicable, it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to

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be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being other than LIBOR or EURIBOR, the Rate of Interest in respect of the Notes will be determined as provided in the applicable Pricing Supplement.

In the Conditions:

“**Reference Banks**” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market, and in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Fiscal Agent or the Calculation Agent, as applicable.

Unless otherwise stated in the applicable Pricing Supplement the Minimum Rate of Interest shall be deemed to be zero.

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|  | (iii) | Screen Rate Determination for Floating Rate Notes referencing SONIA |

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, and the applicable Pricing Supplement specifies that the Reference Rate is Compounded Daily SONIA, the Rate of Interest for each Interest Period will, subject as provided below, be the sum of Compounded Daily SONIA and the Margin, on the Interest Determination Date for such Interest Period, all as determined by the Fiscal Agent or the Calculation Agent, as applicable.

If, in respect of any London Banking Day in the relevant Observation Period, the SONIA rate is not available on the Relevant Screen Page (or such replacement page on that service which displays the information) or has not otherwise been published by the relevant authorised distributors, such SONIA rate shall be the sum of (A) the Bank of England’s Bank Rate (the “**Bank Rate**”) prevailing at close of business on such London Banking Day; plus (B) the mean of the spread of the SONIA rate to the Bank Rate over the previous five days on which a SONIA rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads).

If the Rate of Interest cannot be determined in accordance with the foregoing provisions, the Rate of Interest shall be (1) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period) or (2) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin applicable to the first Interest Period).

If the Notes become due and payable in accordance with Condition 10, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Pricing Supplement, be deemed to be the date on which the Notes became due and payable and the Rate of Interest applicable to the Notes shall, for so long as any such Note remains outstanding, be that determined on such date.

In the Conditions:

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“**Compounded Daily SONIA**” means, in relation to an Interest Period, the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Fiscal Agent or the Calculation Agent, as applicable, as follows, and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards:

Where:

“**d**” means, in relation to any Interest Period, the number of calendar days in such Interest Period;

“**d0**” means, in relation to any Interest Period, the number of London Banking Days in such Interest Period;

“**i**” means, in relation to any Interest Period, a series of whole numbers from one to d0, each representing the relevant London Banking Day in chronological order from (and including) the first London Banking Day in such Interest Period to (and including) the last London Banking Day in such Interest Period;

“**London Banking Day**” or “**LBD**” means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

“**ni**” means, in relation to any London Banking Day “i”, the number of calendar days from (and including) such London Banking Day “i” up to (but excluding) the following London Banking Day;

“**Observation Period**” means, in relation to an Interest Period, the period from (and including) the date which is “p” London Banking Days prior to the first day of such Interest Period and ending on (but excluding) the date which is “p” London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling “p” London Banking Days prior to such earlier date, if any, on which the Notes become due and payable);

“**p**” means the whole number specified as the Observation Look-back Period in the applicable Pricing Supplement, such number representing a number of London Banking Days, or if no such number is specified, five London Banking Days;

“**SONIAi**” means, in relation to any London Banking Day, “i”, a reference rate equal to the daily Sterling Overnight Index Average (“**SONIA**”) rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page (or such replacement page on that service which displays the information) (or, if the Relevant Screen Page (or such replacement page on that service which displays the information) is unavailable, as otherwise published by such authorised distributors) on the London Banking Day immediately following such London Banking Day; and

“**SONIAi-pLBD**” means, in relation to any London Banking Day “i” falling in the relevant Interest Period, the SONIA rate for the London Banking Day falling “p” London Banking Days prior to such London Banking Day “i”.

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| (c) | **Minimum Rate of Interest and/or Maximum Rate of Interest** |

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

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If the applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

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| (d) | **Determination of Rate of Interest and calculation of Interest Amounts** |

The Fiscal Agent or the Calculation Agent, as applicable, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Fiscal Agent or the Calculation Agent, as applicable, will calculate the amount of interest (the “**Interest Amount**”) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to the Calculation Amount (or, if they are Partly Paid Notes, the aggregate amount paid up) and multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest in accordance with this Condition 5.2:

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|  | (i) | if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365); |
|  | (ii) | if “Actual/365 (Fixed)” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365; |
|  | (iii) | if “Actual/365 (Sterling)” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366; |
|  | (iv) | if “Actual/360” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360; |
|  | (v) | if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows: |

Day Count Fraction =

where:

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

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

“**M1**” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“**M2**” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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“**D1**” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

“**D2**” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

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|  | (vi) | if “30E/360” or “Eurobond Basis” is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows: |

Day Count Fraction =

where:

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

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

“**M1**” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“**M2**” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“**D1**” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

“**D2**” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30;

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|  | (vii) | if “30E/360 (ISDA)” is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows: |

Day Count Fraction =

where:

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

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

“**M1**” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“**M2**” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“**D1**” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

“**D2**” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

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| (e) | **Reference Rate Replacement** |

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|  | (i) | Reference Rate Replacement is specified in the applicable Pricing Supplement as being applicable and Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined; and |
|  | (ii) | notwithstanding the provisions of Condition 5.2(b)(ii) and 5.2(b)(iii), a Benchmark Event occurs in relation to the Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, |

then the following provisions shall apply:

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|  | (A) | | the Issuer shall use reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine (acting in good faith and in a commercially reasonable manner): | |
|  | | (1) | | a Successor Reference Rate; or |
|  | | (2) | | if such Independent Adviser determines that there is no Successor Reference Rate, an Alternative Reference Rate, |

and, in each case, an Adjustment Spread (if any) (in any such case, acting in good faith and in a commercially reasonable manner) no later than five Business Days prior to the Interest Determination Date relating to the next Interest Period (the “**IA Determination Cut-off Date**”) for the purposes of determining the Rate of Interest applicable to the Notes for such next Interest Period and for all other future Interest Periods (subject to the subsequent operation of this Condition 5.2(e) during any other future Interest Period(s));

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|  | (B) | | if a Successor Reference Rate, or, failing which, an Alternative Reference Rate (as applicable) is determined by the relevant Independent Adviser in accordance with this Condition 5.2(e); | | | | | |
|  | | (1) | | | such Successor Reference Rate or Alternative Reference Rate (as applicable) shall be used in place of the Original Reference Rate for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 5.2(e)); | | | |
|  | | (2) | | | if the relevant Independent Adviser: | | | |
|  | | | | (x) | | | determines that an Adjustment Spread is required to be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 5.2(e); or | |
|  | | | | (y) | | | is unable to determine the quantum of, or a formula or methodology for determining, an Adjustment Spread, then such Successor Reference Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 5.2(e); and | |
|  | | (3) | | | the relevant Independent Adviser (acting in good faith and in a commercially reasonable manner) may in its discretion specify: | | | |
|  | | | | (x) | | | changes to these Conditions and/or the Agency Agreement in order to ensure the proper operation of such Successor Reference Rate or | |
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|  |  | Alternative Reference Rate and/or Adjustment Spread (as applicable), including, but not limited to, (a) the Additional Business Centre(s), Business Day, Business Day Convention, Day Count Fraction, Interest Determination Date, Reference Banks, Additional Financial Centre(s) and/or Relevant Screen Page applicable to the Notes and (b) the method for determining the fallback to the Rate of Interest in relation to the Notes if such Successor Reference Rate or Alternative Reference Rate (as applicable) is not available; and |
|  | (y) | any other changes which the relevant Independent Adviser determines are reasonably necessary to ensure the proper operation and comparability to the Reference Rate of such Successor Reference Rate or Alternative Reference Rate (as applicable), |

which changes shall apply to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 5.2(e)); and

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|  | (4) | promptly following the occurrence of a Benchmark Event and the determination of (i) any Successor Reference Rate or Alternative Reference Rate (as applicable) and (ii) if applicable, any Adjustment Spread, the Issuer shall give notice thereof and of any changes (and the effective date thereof) pursuant to Condition 5.2(e)(C)(3) to the Fiscal Agent and the Calculation Agent (if applicable) and the Noteholders in accordance with Condition 13. |

No consent of the Noteholders shall be required in connection with effecting the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) as described in this Condition 5.2(e) or such other relevant changes pursuant to Condition 5.2(e)(C)(3), including for the execution of any documents or the taking of other steps by the Issuer or any of the parties to the Agency Agreement (if required).

For the avoidance of doubt, if the Issuer is not able to appoint an Independent Advisor or a Successor Reference Rate or an Alternative Reference Rate is not determined pursuant to the operation of this Condition 5.2(e) prior to the relevant IA Determination Cut-off Date, then the Rate of Interest for the next Interest Period shall be determined by reference to the fallback provisions of Condition 5.2(b)(ii) or 5.2(b)(iii), as applicable.

For the avoidance of doubt, this Condition 5(e) shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, Condition 5.2(b)(ii) or 5.2(b)(iii), as applicable.

In the Conditions:

“**Adjustment Spread**” means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the relevant Independent Adviser determines is required to be applied to a Successor Reference Rate or an Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Noteholders as a result of the replacement of the Reference Rate with such Successor Reference Rate or Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

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|  | (i) | in the case of a Successor Reference Rate, is formally recommended in relation to the replacement of the Reference Rate with such Successor Reference Rate by any Relevant Nominating Body; or | | |
|  | (ii) | in the case of a Successor Reference Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the relevant Independent Adviser determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference Rate, where such rate has been replaced by such Successor Reference Rate or Alternative Reference Rate (as applicable); or | | |
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|  | (iii) | if no such customary market usage is recognised or acknowledged, the relevant Independent Adviser in its discretion determines (acting in good faith and in a commercially reasonable manner) to be appropriate; |

“**Alternative Reference Rate**” means the rate that the relevant Independent Adviser determines has replaced the Reference Rate in customary market usage in the international debt capital markets for the purposes of determining floating rates of interest in respect of notes denominated in the Specified Currency and of a comparable duration to the relevant Interest Periods, or, if such Independent Adviser determines in its discretion is most comparable to the Reference Rate;

“**Benchmark Event**” means:

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|  | (i) | the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or |
|  | (ii) | the later of (A) the making of a public statement by the administrator of the Original Reference Rate that it will, by a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) and (B) the date falling six months prior to the date specified in (ii) (A); or |
|  | (iii) | the making of a public statement by the supervisor or the administrator of the Original Reference Rate that the Original Reference Rate has been permanently or indefinitely discontinued; or |
|  | (iv) | the later of (A) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (B) the date falling six months prior to the date specified in (iv)(A); |
|  | (v) | the later of (A) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences and (B) the date falling six months prior to the date specified in (v) (A); |
|  | (vi) | the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is no longer representative of an underlying market; or |
|  | (vii) | it has become unlawful for the Fiscal Agent or the Calculation Agent, as applicable, the Issuer or any other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate; |

“**Independent Adviser**” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under this Condition 5.2(e);

“**Original Reference Rate**” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes;

“**Relevant Nominating Body**” means, in respect of a reference rate:

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|  | (i) | the central bank for the currency to which such reference rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate; or | | |
|  | (ii) | any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which such reference rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof; and | | |
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“**Successor Reference Rate**” means the rate that the relevant Independent Adviser determines is a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

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| (f) | **Linear Interpolation** |

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Pricing Supplement, the Rate of Interest for such Interest Period shall be calculated by the Fiscal Agent or the Calculation Agent, as applicable, by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Pricing Supplement) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Pricing Supplement), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Fiscal Agent or the Calculation Agent, as applicable, shall determine such rate at such time and by reference to such sources as it determines appropriate.

“**Designated Maturity**” means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

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| (g) | **Notification of Rate of Interest and Interest Amounts** |

The Fiscal Agent or the Calculation Agent, as applicable, will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 13. For the purposes of this paragraph, the expression “**London Business Day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

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| (h) | **Certificates to be final** |

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5.2 by the Fiscal Agent or the Calculation Agent, as applicable, shall (in the absence of wilful default or fraud) be binding on the Issuer, the Guarantor, the Fiscal Agent, the other Agents and all Noteholders and (in the absence of wilful default or fraud) no liability to the Issuer, the Guarantor, or the Noteholders shall attach to the Fiscal Agent or the Calculation Agent, as applicable, in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

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| 5.3 | **Other interest-bearing Notes** |

The rate or amount of interest payable in respect of interest-bearing Notes which are not Fixed Rate Notes or Floating Rate Notes shall be determined in the manner specified in the applicable Pricing Supplement, provided that where such Notes are Index Linked Interest Notes the provisions of Condition 5.2 shall, save to the extent amended in the applicable Pricing Supplement, apply as if the references therein to Floating Rate Notes and to the Agent were references to Index Linked Interest Notes and the Calculation Agent, respectively, and provided further that the Calculation Agent will notify the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

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In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid up nominal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

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| 5.4 | **Accrual of interest** |

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

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|  | (a) | the date on which all amounts due in respect of such Note have been paid; and |
|  | (b) | five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Fiscal Agent or the Registrar, as the case may be, and notice to that effect has been given to the Noteholders in accordance with Condition 13. |
| **6.** | **PAYMENTS** | |
| 6.1 | **Method of payment** | |

Subject as provided below:

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|  | (a) | payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and |
|  | (b) | payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee. |

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 (inclusive) of the Code, any United States Treasury Regulations or agreements thereunder, any official interpretations thereof, any successor or substitute or similar legislation or law or any law implementing an intergovernmental approach thereto.

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| 6.2 | **Payments in respect of Notes** |

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Note appearing in the register of holders of the Notes maintained by the Registrar (the “**Register**”) (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. For these purposes, “**Designated Account**” means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and “**Designated Bank**” means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

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Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Note (whether or not in global form) will be made by transfer on the due date to the Designated Account of the holder (or the first named of joint holders) of the Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the “**Record Date**”). Payment of the interest due in respect of each Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Note.

No commissions or expenses shall be charged to the holders by the Registrar in respect of any payments of principal or interest in respect of Notes.

None of the Issuer, the Guarantor or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

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| 6.3 | **General provisions applicable to payments** |

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer or, as the case may be, the Guarantor will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear, or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer or, as the case may be, the Guarantor to, or to the order of, the holder of such Global Note.

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| 6.4 | **Payment Day** |

If the date for payment of any amount in respect of any Note is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, “**Payment Day**” means any day which (subject to Condition 9) is:

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|  | (a) | a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits): |
|  | | (i) | in the case of Notes in definitive form only, in the relevant place of presentation; and |
|  | | (ii) | in each Additional Financial Centre (other than TARGET2 System) specified in the applicable Pricing Supplement; |
|  | (b) | if TARGET2 System is specified as an Additional Financial Centre in the applicable Pricing Supplement, a day on which the TARGET2 System is open; and |  |
|  | (c) | either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open. |  |
| 6.5 | **Interpretation of principal and interest** | |  |

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

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|  | (a) | any additional amounts which may be payable with respect to principal under Condition 8; | | |
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|  | (b) | the Final Redemption Amount of the Notes; |
|  | (c) | the Early Redemption Amount of the Notes; |
|  | (d) | the Optional Redemption Amount(s) (if any) of the Notes; |
|  | (e) | in relation to Notes redeemable in instalments, the Instalment Amounts; and |
|  | (f) | any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes. |

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8.

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| **7.** | **REDEMPTION AND PURCHASE** |
| 7.1 | **Redemption at maturity** |

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date specified in the applicable Pricing Supplement.

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| 7.2 | **Redemption for tax reasons** |

Subject to Condition 7.6, the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Pricing Supplement to the Fiscal Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable), if:

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|  | (a) | on the occasion of the next payment due under the Notes, as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 8), or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, either (i) the Issuer has or will be required to pay additional amounts as provided or referred to in Condition 8 or (ii) the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts; and |
|  | (b) | such obligation cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it, |

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Fiscal Agent to make available at its specified office to the Noteholders (i) a certificate signed by two authorised signatories of the Issuer or, as the case may be, two authorised signatories of the Guarantor stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 7.2 will be redeemed at their Early Redemption Amount referred to in Condition 7.6 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

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| 7.3 | **Redemption at the option of the Issuer (Issuer Call)** |

If Issuer Call is specified as being applicable in the applicable Pricing Supplement, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Pricing Supplement to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Pricing Supplement. The Optional Redemption Amount will either be:

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|  | (i) | | the specified amount or percentage of the Calculation Amount of the Notes stated in the applicable Pricing Supplement; or | |
|  | (ii) | | if either Spens Amount or Make-whole Amount is specified in the applicable Pricing Supplement, will be: | |
|  | | (A) | | if Spens Amount is specified as being applicable in the applicable Pricing Supplement, the higher of (x) 100% of the nominal amount outstanding of the Notes to be redeemed and (y) the nominal amount outstanding of the Notes to be redeemed multiplied by the price, as reported to the Issuer by the Determination Agent, at which the Gross Redemption Yield on such Notes on the Reference Date is equal to the Gross Redemption Yield (determined by reference to the middle market price) at the Quotation Time specified in the applicable Pricing Supplement on the Reference Date of the Reference Bond, plus the specified Redemption Margin; or |
|  | | (B) | | if Make-whole Amount is specified as applicable in the applicable Pricing Supplement, the higher of (x) 100% of the nominal amount outstanding of the Notes to be redeemed and (y) the sum of the present values of the nominal amount outstanding of the Notes to be redeemed and the Remaining Term Interest on such Notes (exclusive of interest accrued to the date of redemption) and such present values shall be calculated by discounting such amounts to the date of redemption on an annual basis at the Reference Bond Rate, plus the specified Redemption Margin, |

all as determined by the Determination Agent.

In the case of a partial redemption of Notes, the Notes to be redeemed (“**Redeemed Notes**”) will (i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot, not more than 30 days prior to the date fixed for redemption and (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 not less than 15 days prior to the date fixed for redemption.

In this Condition:

“**DA Selected Bond**” means a government security or securities selected by the Determination Agent as having an actual or interpolated maturity comparable with the remaining term of the Notes that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the Specified Currency and of a comparable maturity to the remaining term of the Notes;

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“**Determination Agent**” means an investment bank or financial institution of international standing selected by the Issuer and appointed by the Issuer at its own expense and notified to the Fiscal Agent and the Noteholders;

“**Gross Redemption Yield**” means, with respect to a security, the gross redemption yield on such security, expressed as a percentage and calculated by the Determination Agent on the basis set out by the United Kingdom Debt Management Office in the paper “Formulae for Calculating Gilt Prices from Yields”, page 4, Section One: Price/Yield Formulae “Conventional Gilts”; Double dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date” (published 8 June 1998, as amended or updated from time to time) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to five decimal places);

“**Quotation Time**” shall be as set out in the applicable Pricing Supplement;

“**Redemption Margin**” shall be as set out in the applicable Pricing Supplement;

“**Reference Bond**” shall be as set out in the applicable Pricing Supplement or, if no such bond is set out or if such bond is no longer outstanding, shall be the DA Selected Bond;

“**Reference Bond Price**” means, with respect to any date for redemption, (a) the arithmetic average of the Reference Government Bond Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (b) if the Determination Agent obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations;

“**Reference Bond Rate**” means, with respect to any date for redemption, the rate per annum equal to the annual or semi-annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for such date of redemption;

“**Reference Date**” will be set out in the relevant notice of redemption;

“**Reference Government Bond Dealer**” means each of the five banks selected by the Issuer after consultation with the Determination Agent, or their affiliates, which are (a) primary government securities dealers, or (b) market makers experienced in pricing corporate bond issues;

“**Reference Government Bond Dealer Quotations**” means, with respect to each Reference Government Bond Dealer and any date of redemption, the arithmetic average, as determined by the Determination Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) at the Quotation Time on the Reference Date quoted in writing to the Determination Agent by such Reference Government Bond Dealer; and

“**Remaining Term Interest**” means, with respect to any Note, the aggregate amount of scheduled payment(s) of interest on such Note for the remaining term of such Note determined on the basis of the rate of interest applicable to such Note from and including the date on which such Note is to be redeemed by the Issuer pursuant to this Condition 7.3.

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| 7.4 | **Redemption at the option of the Noteholders (Investor Put)** |

If Investor Put is specified as being applicable in the applicable Pricing Supplement, upon the holder of any Note giving to the Issuer in accordance with Condition 13 not less than the minimum period nor more than the maximum period of notice specified in the applicable Pricing Supplement, the Issuer will, upon the expiry of such notice, redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of the

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Registrar at any time during normal business hours of the Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of the Registrar (a “**Put Notice**”) and in which the holder must specify a bank account to which payment is to be made under this Condition 7.4 and the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Notes so surrendered is to be redeemed, an address to which a new Note in respect of the balance of such Notes is to be sent subject to and in accordance with the provisions of Condition 2.2.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Fiscal Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on such holder’s instruction by Euroclear, Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be for them to the Fiscal Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg by a holder of any Note pursuant to this Condition 7.4 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 7.4 and instead to declare such Note forthwith due and payable pursuant to Condition 10.1.

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| 7.5 | **Redemption at the option of Noteholders on a Change of Control (Change of Control Put)** |

If Change of Control Put Option is specified as being applicable in the applicable Pricing Supplement and if, at any time while any of the Notes remains outstanding, a Change of Control Put Event (as defined below) occurs, then the holder of each such Note will have the option (a “**Change of Control Put Option**”) (unless prior to the giving of the Change of Control Exercise Notice (as defined below) the Issuer shall have given notice under Condition 7.2 or 7.3 (if applicable)) to require the Issuer to redeem or, at the Issuer’s option, purchase (or procure the purchase of) that Noteholder’s Notes at the Early Redemption Amount specified hereon together with interest accrued to but excluding the Change of Control Settlement Date (as defined below).

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

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|  | (i) | | a person or persons, acting together, other than a holding company whose shareholders are or are to be substantially similar to the pre-existing shareholders of the Issuer or any holding company of the Issuer, acquire (i) the beneficial ownership (directly or indirectly) of more than 50% of the total voting rights represented by shares of the Issuer, or (ii) have the power to appoint or remove the majority of the members of the board of directors of the Issuer (each such event being, a “**Change of Control**”); | | | |
|  | (ii) | | on the date (the “**Relevant Announcement Date**”) that is the earlier of (1) the date of the first public announcement of the relevant Change of Control and (2) the date of the earliest Relevant Potential Change of Control Announcement (as defined below) (if any) the Notes have been assigned: | | | |
|  | | (A) | | an investment grade rating (*Baa3/BBB-/BBB- or equivalent or better*) from any Rating Agency (provided by such Rating Agency at the invitation or with the consent of the Issuer) and such rating from any Rating Agency is, within the Change of Control Period, either downgraded to a non-investment grade rating (*Ba1/BB+/BB+ or equivalent or worse*) or withdrawn and is not, within the Change of Control Period, subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to an investment grade credit rating by such Rating Agency; or | | |
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|  | (B) | a non-investment grade credit rating (*Ba1/BB+/BB+ or equivalent or worse*) from any Rating Agency (provided by such Rating Agency at the invitation or with the consent of the Issuer) and such Rating from any Rating Agency is, within the Change of Control Period, downgraded by one or more notches (*for illustration, Ba1/BB+/BB+ to Ba2/BB/BB being one notch*) or withdrawn and is not, within the Change of Control Period, subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to its earlier credit rating or better by such Rating Agency; or |
|  | (C) | no credit rating from any Rating Agency and a Negative Rating Event also occurs within the Change of Control Period, |

*provided that,* if at the time of the occurrence of the Change of Control the Notes carry a credit rating from more than one Rating Agency, at least one of which is investment grade, then sub-paragraph (A) will apply; and

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|  | (iii) | in making any decision(s) referred to in (A) and (B) above the relevant Rating Agency announces publicly or confirms in writing to the Issuer that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control or the Relevant Potential Change of Control Announcement (whether or not the Change of Control shall have occurred at the time such rating is downgraded and/or withdrawn). |

If a Change of Control Put Event occurs then, within 14 days of the Issuer becoming aware that a Change of Control Put Event has occurred, the Issuer shall give notice (a “**Change of Control Notice**”) to the Noteholders in accordance with Condition 13 specifying the nature of the Change of Control Put Event and the procedure for exercising the Change of Control Put Option.

To exercise the Change of Control Put Option, the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of the Registrar at any time during normal business hours of the Registrar falling within the period (the “**Put Period**”) of 30 days after the Change of Control Notice is given by the Issuer, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of the Registrar (a “**Change of Control** **Exercise Notice**”) and in which the holder must specify a bank account to which payment is to be made under this Condition 7.5 and the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Notes so surrendered is to be redeemed, an address to which a new Note in respect of the balance of such Notes is to be sent subject to and in accordance with the provisions of Condition 2.2.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the Change of Control Put Option the holder of this Note must, within the Put Period, give notice to the Fiscal Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on such holder’s instruction by Euroclear, Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be for them to the Fiscal Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

Any Change of Control Exercise Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg by a holder of any Note pursuant to this Condition 7.5 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the Change of Control Exercise Notice given pursuant to this Condition 7.5 and instead to declare such Note forthwith due and payable pursuant to Condition 10.1.

If 80% or more in nominal amount of the Notes then outstanding have been redeemed or purchased pursuant to this Condition 7.5, the Issuer may, on giving not less than 30 nor more than 60 days’ notice to the Noteholders (such notice being given within 30 days after the Change of Control Settlement Date), redeem or purchase (or

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procure the purchase of), at its option, all but not some only of the remaining outstanding Notes at their Early Redemption Amount, together with interest (if any) accrued to (but excluding) the date fixed for such redemption or purchase.

Any Note which is the subject of a Change of Control Exercise Notice which has been delivered to the Registrar or any of the Paying Agents, as the case may be, prior to the expiry of the Change of Control Put Period shall be redeemed or, as the case may be, purchased (or on behalf of) the Issuer on the date which is the seventh day immediately following the last day of the Change of Control Put Period (the “**Change of Control Settlement Date**”).

If the rating designations employed by any of S&P, Moody’s and Fitch are changed from those which are described in this Condition 7.5 above, or if a rating is procured from a Substitute Rating Agency, the Issuer shall determine the rating designations of S&P or Moody’s or Fitch or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of S&P or Moody’s or Fitch and this Condition 7.5 shall be read accordingly.

In these Conditions:

“**Change of Control Period**” means the period commencing on the Relevant Announcement Date and ending 90 days after the Change of Control (or such longer period for which the Issuer is under consideration (such consideration having been announced publicly within the period ending 90 days after the Change of Control) for rating review or, as the case may be, rating by a Rating Agency, such period not to exceed 60 days after the public announcement of such consideration);

“**Fitch**” means Fitch Ratings Limited;

“**Moody’s**” means Moody’s Investors Services Limited;

“**Negative Rating Event**” shall be deemed to have occurred if at such time as there is no rating assigned to the Notes by a Rating Agency (at the invitation or with the consent of the Issuer), either (i) the Issuer does not, prior to or not later than 21 days after the occurrence of the relevant Change of Control, seek, and thereafter throughout the Change of Control Period use all reasonable endeavours to obtain, a rating of the Notes or (ii) if the Issuer does so seek and use such endeavours, it is unable to obtain such rating of at least investment grade (*Baa3/BBB-/BBB- or equivalent or better*) by the end of the Change of Control Period and the relevant Rating Agency announces publicly or confirms in writing to the Issuer and/or the Guarantor that the failure to issue a rating of at least investment grade (*Baa3/BBB-/BBB- or equivalent or better*) was as a result, in whole or in part, of the Change of Control or the Relevant Potential Change of Control Announcement (whether or not the Change of Control had occurred at such time);

“**Rating Agency**” means S&P, Moody’s, Fitch or any of their respective successors or any other internationally recognised rating agency (a “**Substitute Rating Agency**”) substituted for any of them by the Issuer from time to time;

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

“**S&P**” means S&P Global Ratings Europe Limited.

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| 7.6 | **Early Redemption Amounts** |

For the purpose of Condition 7.2, and 7.5 above and Condition 10:

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|  | (a) | each Note (other than a Zero Coupon Note) will be redeemed at its Early Redemption Amount as specified in the applicable Pricing Supplement; and | | |
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|  | (b) | each Zero Coupon Note will be redeemed at its Early Redemption Amount calculated in accordance with the following formula: |

Early Redemption Amount = RP x (1 + AY)y

where:

“**RP**”means the Reference Price;

“**AY**”means the Accrual Yield expressed as a decimal; and

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|  | “**y**” | is the Day Count Fraction specified in the applicable Pricing Supplement which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365). |
| 7.7 | **Specific redemption provisions applicable to certain types of Notes** | |

The Final Redemption Amount, any Optional Redemption Amount and the Early Redemption Amount in respect of Index Linked Redemption Notes and Dual Currency Redemption Notes may be specified in, or determined in the manner specified in, the applicable Pricing Supplement. For the purposes of Condition 7.2, Index Linked Interest Notes and Dual Currency Interest Notes may be redeemed only on an Interest Payment Date.

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Pricing Supplement. In the case of early redemption, the Early Redemption Amount of Instalment Notes will be determined in the manner specified in the applicable Pricing Supplement.

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Pricing Supplement.

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| 7.8 | **Purchases** |

The Issuer, the Guarantor or any other Subsidiary of the Issuer may at any time purchase Notes at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer or the Guarantor, surrendered to any Paying Agent and/or the Registrar for cancellation.

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| 7.9 | **Cancellation** |

All Notes which are redeemed will forthwith be cancelled. All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 7.8 above shall be forwarded to the Fiscal Agent and cannot be reissued or resold.

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| 7.10 | **Late payment on Zero Coupon Notes** |

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 7.1, 7.2, 7.3, 7.4 or 7.5 above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 7.6(b) above as though the references therein to

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the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

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|  | (a) | the date on which all amounts due in respect of such Zero Coupon Note have been paid; and |
|  | (b) | five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Fiscal Agent or the Registrar and notice to that effect has been given to the Noteholders in accordance with Condition 13. |
| **8.** | **TAXATION** | |

All payments of principal and interest in respect of the Notes by or on behalf of the Issuer or the Guarantor shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (“**Taxes**”) imposed or levied by or on behalf of any of the Relevant Jurisdictions, unless the withholding or deduction of the Taxes is required by law. In such event, the Issuer or, as the case may be, the Guarantor will pay such additional amounts as may be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note:

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|  | (a) | the holder of which is liable for Taxes in respect of such Note by reason of having some connection with the Relevant Jurisdiction other than a mere holding of the Note; or |
|  | (b) | presented for payment in the United States; or |
|  | (c) | presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by satisfying any statutory or procedural requirements (including, without limitation, the provision of information or an Internal Revenue Service Form W-8 or Form W-9 (or a successor form)); or |
|  | (d) | presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6.4). |

Notwithstanding the foregoing, no additional amount shall be payable for or on account of (i) any taxes, duties, assessments or governmental charges that are imposed otherwise than by deduction or withholding from payments made under or with respect to the Notes, (ii) any taxes, duties, assessments or governmental charges that are imposed on or with respect to any payment on any Notes to a Noteholder who is a fiduciary, partnership, limited liability company, or person other than the Beneficial Owner of such payment to the extent that the Beneficial Owner with respect to such payment (or portion thereof) would not have been entitled to the additional amounts had the payment (or the relevant portion thereof) been made directly to such Beneficial Owner and (iii) any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the Code, or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation therefore (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement). As used in clause (ii) above, “**Beneficial Owner**” means the person who is required by the laws of the relevant tax jurisdiction to include the payment in income for tax purposes.

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|  |  | As used herein: | | |
|  | (i) | “**Relevant Date**” means the date on which such payment first becomes due, but, if the full amount of the money payable has not been duly received by the Fiscal Agent or the Registrar, as the case may | | |
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|  |  | be, on or prior to such due date, it means the date on which, the full amount of such money having been so received, notice to that effect has been duly given to the Noteholders in accordance with Condition 13; and |
|  | (ii) | “**Relevant Jurisdiction**” means the United States or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax the Issuer or the Guarantor, as the case may be, to which payments of principal and interest on the Notes or payments made under the Guarantee become generally subject. |
| **9.** | **PRESCRIPTION** | |

The Notes will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8) therefor.

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| **10.** | **EVENTS OF DEFAULT** |
| 10.1 | **Events of Default** |

The holder of any Note may give notice to the Issuer to declare any Note held by it to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Redemption Amount, together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind, if any one or more of the following events (each an “**Event of Default**”) shall occur and be continuing:

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|  | (a) | if default is made in the payment in the Specified Currency of any principal or interest due in respect of the Notes or any of them and the default continues for a period of 7 days in the case of principal and 14 days in the case of interest; or | | |
|  | (b) | if the Issuer or the Guarantor fails to perform or observe any of its other obligations under these Conditions or the Guarantee and (except in any case where the failure is incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days following the service by a Noteholder on the Issuer or the Guarantor (as the case may be) of notice requiring the same to be remedied; or | | |
|  | (c) | if (i) any Indebtedness for Borrowed Money (as defined below) of the Issuer, the Guarantor or any Material Subsidiary becomes due and repayable prematurely by reason of any event of default (however described); (ii) the Issuer, the Guarantor or any Material Subsidiary fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment or, as the case may be, within any originally applicable grace period; or (iii) any security given by the Issuer, the Guarantor or any Material Subsidiary for any Indebtedness for Borrowed Money becomes enforceable; or (iv) default is made by the Issuer, the Guarantor or any Material Subsidiary in making any payment due or, as the case may be, within any originally applicable grace period under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person; provided that, the aggregate amount of the relevant Indebtedness for Borrowed Money in respect of which one or more of the events mentioned above in this Condition 10.1(c) have occurred and are continuing exceeds €40 million or its equivalent in any other currency; or | | |
|  | (d) | if any final order is made by any competent court or resolution is passed for the winding up or dissolution of the Issuer, the Guarantor or any Material Subsidiary, save for the purposes of reorganisation (i) on terms previously approved by an Extraordinary Resolution of the Noteholders or (ii) in the case of a Material Subsidiary, whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the Issuer or another of its Subsidiaries; or | | |
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|  | (e) | if the Issuer, the Guarantor or any Material Subsidiary ceases or threatens, through (i) an official action of the board of directors of the Issuer, the Guarantor or any Material Subsidiary, or (ii) action by a majority of the shareholders of the Issuer, the Guarantor or any Material Subsidiary, to cease to carry on the whole or substantially all of its business (except a cessation (i) for the purposes of reorganisation or similar arrangement on terms previously approved by an Extraordinary Resolution of the Noteholders, (ii) in the case of the Guarantor, in connection with the transfer of the whole or substantially all of its business to one or more Subsidiaries of the Guarantor or (iii) in the case of a Material Subsidiary, in connection with the transfer of the whole or substantially all of its business to the Issuer, the Guarantor or any other Subsidiary of either of them which is or thereby becomes a Material Subsidiary, and provided that a bona fide disposal for full value on an arm’s length basis of the whole or substantially all of the business of the Issuer, the Guarantor or a Material Subsidiary shall be deemed not to be a cessation for the purposes of this paragraph) or the Issuer, the Guarantor or any Material Subsidiary stops or threatens to stop payment, or is unable to, or admits inability to pay, its debts (or any class of its debts) as they fall due, or is adjudicated bankrupt or insolvent by a court of competent jurisdiction; or |
|  | (f) | if (i) proceedings are initiated against the Issuer, the Guarantor or any Material Subsidiary under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator, liquidator or other similar official, or an administrative or other receiver, manager, administrator, liquidator or other similar official is appointed, in relation to the Issuer, the Guarantor or any Material Subsidiary or, as the case may be, in relation to the whole or substantially all of the undertaking or assets of any of them or an encumbrancer takes possession of the whole or substantially all of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or substantially all of the undertaking or assets of any of them (except in any such case for the purpose of a reconstruction, merger, consolidation, amalgamation or other similar arrangement the terms of which have previously been approved by an Extraordinary Resolution of Noteholders or, in the case of a Material Subsidiary, in connection with the transfer of all or the major part of its business, undertaking and assets to the Issuer, Guarantor or another Subsidiary of either of them which thereby becomes a Material Subsidiary), and (ii) in any such case is not discharged within 45 days; or |
|  | (g) | if the Issuer, the Guarantor or any Material Subsidiary initiates or consents to judicial proceedings relating to itself under applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or convenes a meeting to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or |
|  | (h) | if the Guarantee ceases to be, or is claimed by the Issuer or the Guarantor not to be, in full force and effect. |
| 10.2 | **Definitions** | |

For the purposes of the Conditions:

“**Indebtedness for Borrowed Money**” means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any borrowed money or any liability under or in respect of any acceptance or acceptance credit or any notes, bonds, debentures, debenture stock, loan stock or other securities;

“**Material Subsidiary**” means each Subsidiary of the Issuer (other than the Guarantor) the EBITDA of which (on an unconsolidated basis) as at the date at which its latest audited financial statements were prepared or, as the case may be, for the financial period to which those financial statements relate accounts for 10% or more of the Consolidated EBITDA (all as calculated by reference to the latest audited consolidated financial statements

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of the Issuer), provided that if a Subsidiary has been acquired since the date as at which the latest audited consolidated financial statements of the Issuer were prepared, the financial statements shall be deemed to be adjusted in order to take into account the acquisition of that Subsidiary (that adjustment being certified by the auditors as representing an accurate reflection of the Consolidated EBITDA of the Issuer); and

“**Consolidated EBITDA**” means, for any financial period, the consolidated profit or loss of the Issuer and its Subsidiaries (the “**Group**”), as shown in the income statement:

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|  | (i) | ***before deducting*** any ***income*** tax expense, as shown in the income statement; |
|  | (ii) | ***before deducting*** any finance costs and excluding any finance income, as shown in the income statement; |
|  | (iii) | ***after adding back*** any amount attributable to the amortisation or depreciation of assets of the Group or any members of the Group; |
|  | (iv) | ***before taking into account*** any exceptional items of a one-off or non-recurring nature (including, without limitation, the costs associated with any restructuring programme or with any disposal not made in the ordinary course of business); |
|  | (v) | ***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 on any upward or downward revaluation of any asset (including without limitation any impairment of goodwill); |
|  | (vi) | ***before taking in to account*** any unrealised gains or loss on any derivative instrument; |
|  | (vii) | ***after deducting*** the amount of profit (or adding back the amount of any loss) of any member of the Group which is attributable to non-controlling interests; and |
|  | (viii) | ***after excluding*** any amortisation or gains or losses under IAS 39 arising from the discontinuation of hedging agreements, |

where, for the purposes of this definition, the exchange rate to be used shall be the exchange rate used in the financial statements of the Group for the relevant financial period.

In relation to any Subsidiary of the Issuer (or the Guarantor, as the case may be), “**EBITDA**” in relation to such Subsidiary shall be assessed on an unconsolidated basis but otherwise consistent with the manner in which Consolidated EBITDA is assessed.

Consolidated EBITDA shall be adjusted by including (or excluding), on a *pro-forma* basis, EBITDA attributable to companies or businesses acquired (or divested) during the relevant financial period as if they had been acquired (or divested) on the first day of the relevant financial period.

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| 10.3 | **Reports** |

A report by any two authorised signatories of the Issuer that in their opinion a Subsidiary of the Issuer (or the Guarantor, as the case may be) is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties.

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| **11.** | **REPLACEMENT OF NOTES** |

Should any Note be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes must be surrendered before replacements will be issued.

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| **12.** | **AGENTS** |

The initial Agents are set out above. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Pricing Supplement.

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

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|  | (a) | there will at all times be a Fiscal Agent and a Registrar; |
|  | (b) | so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Transfer Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and |
|  | (c) | there will at all times be a Paying Agent in a jurisdiction within Europe. |

Notice of any variation, termination, appointment or change in Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 13.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and the Guarantor and do not assume any obligation to, or relationship of agency or trust with, any Noteholder. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

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| **13.** | **NOTICES** |

All notices regarding the Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such websites or such mailing the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the second day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Registrar. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Registrar through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

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| **14.** | **MEETINGS OF NOTEHOLDERS AND MODIFICATION** |

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of any of these Conditions or the Guarantee or any of the provisions of the Agency Agreement. The quorum at any meeting for passing an

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Extraordinary Resolution will be one or more persons present holding or representing more than 50% in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons present whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes any matter defined in the Agency Agreement as a Basic Terms Modification, including the modification of the Guarantee or certain of these Conditions (including the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes), the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, of the nominal amount of the Notes for the time being outstanding. The Agency Agreement provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority consisting of not less than three-fourths of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Fiscal Agent) by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders will be binding on all Noteholders, whether or not they are present at any meeting and whether or not they voted on the resolution.

The Fiscal Agent and the Issuer may agree, without the consent of the Noteholders, to:

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|  | (a) | any modification (except a Basic Terms Modification (being a matter in respect of which an increased quorum is required as mentioned above) of the Notes, the Deed of Covenant or the Agency Agreement which is not materially prejudicial to the interests of the Noteholders; or |
|  | (b) | any modification of the Notes, the Deed of Covenant or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law. |

Any such modification shall be binding on the Noteholders and, unless the Fiscal Agent agrees otherwise, any modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 13.

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| **15.** | **FURTHER ISSUES** |

The Issuer shall be at liberty from time to time without the consent of the Noteholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes.

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| **16.** | **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999** |

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

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| **17.** | **GOVERNING LAW AND SUBMISSION TO JURISDICTION** |
| 17.1 | **Governing law** |

The Agency Agreement, the Guarantee, the Deed of Covenant, the Notes and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Guarantee, the Deed of Covenant and the Notes are governed by, and construed in accordance with, English law.

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| 17.2 | **Submission to jurisdiction** | |
|  | (a) | Subject to Condition 17.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes (a “**Dispute**”) and accordingly each of the Issuer and any Noteholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts. |
|  | (b) | For the purposes of this Condition 17.2, the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute. |
|  | (c) | To the extent allowed by law, the Noteholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions. |
| 17.3 | **Appointment of Process Agent** | |

The Issuer irrevocably appoints Airbags International Limited at Viking Way, Congleton, Cheshire CW12 1TT as its agent for service of process in any proceedings before the English courts in relation to any Dispute and agrees that, in the event of Airbags International Limited being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

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| 17.4 | **Waiver of trial by jury** |

WITHOUT PREJUDICE TO CONDITION 17.2 THE ISSUER WAIVES ANY RIGHT IT MAY HAVE TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION IN CONNECTION WITH THE NOTES. THESE CONDITIONS MAY BE FILED AS A WRITTEN CONSENT TO A BENCH TRIAL.

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| 17.5 | **Other documents and the Guarantor** |

The Issuer and, where applicable, the Guarantor have in the Agency Agreement, the Guarantee and the Deed of Covenant submitted to the jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above.

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**FORM OF DEED OF COVENANT**

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| **DEED OF COVENANT** |
| **DATED 11 APRIL 2019** |
| **AUTOLIV, INC.**      **EUR 3,000,000,000**  **EURO MEDIUM TERM NOTE PROGRAMME** |

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**THIS DEED OF COVENANT** is made on 11 April 2019 by Autoliv, Inc. (the **Issuer**) in favour of the account holders or participants specified below of Clearstream Banking SA (**Clearstream, Luxembourg**), Euroclear Bank SA/NV (**Euroclear**) and/or any other additional clearing system or systems as is specified in Part B of the Pricing Supplement, relating to any Note (as defined below) (each a **Clearing System**).

**WHEREAS:**

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| (A) | The Issuer has entered into a Programme Agreement (the **Programme Agreement**, which expression includes the same as it may be amended, supplemented, novated or restated from time to time) dated 11 April 2019 with the Dealers named in it under which the Issuer proposes from time to time to issue Notes (the **Notes**). |
| (B) | The Issuer has also entered into an Agency Agreement (the **Agency Agreement**, which expression includes the same as it may be amended, supplemented, novated or restated from time to time) dated 11 April 2019 between, *inter alia*, the Issuer and HSBC Bank plc (the **Fiscal Agent**). |
| (C) | The Notes will initially be represented by, and comprised in, Global Notes (as defined in the Agency Agreement), in each case representing a certain number of underlying Notes (the **Underlying Notes**). |
| (D) | Each Global Note may, on issue, be deposited with a depositary for one or more Clearing Systems (together, the **Relevant Clearing System**) and registered in the name of a nominee for one or more Relevant Clearing Systems.  Upon any such registration and deposit of a Global Note the Underlying Notes represented by the Global Note will be credited to a securities account or securities accounts with the Relevant Clearing System.  Any account holder with the Relevant Clearing System which has Underlying Notes credited to its securities account from time to time (other than any Relevant Clearing System which is an account holder of any other Relevant Clearing System) (each a **Relevant Account Holder**) will, subject to and in accordance with the terms and conditions and operating procedures or management regulations of the Relevant Clearing System, be entitled to transfer the Underlying Notes and (subject to and upon payment being made by the Issuer to the bearer in accordance with the terms of the relevant Global Note) will be entitled to receive payments from the Relevant Clearing System calculated by reference to the Underlying Notes credited to its securities account. |
| (E) | In certain circumstances specified in each Global Note, the registered holder of the Global Note, will have no further rights under the Global Note (but without prejudice to the rights which any person may have pursuant to this Deed of Covenant).  The time at which this occurs is referred to as the **Relevant Time**.  In those circumstances, each Relevant Account Holder will, subject to and in accordance with the terms of this Deed, acquire against the Issuer all those rights which the Relevant Account Holder would have had if, prior to the Relevant Time, duly executed and authenticated Definitive Notes (as defined in the Agency Agreement) had been issued and registered in respect of its Underlying Notes and the Definitive Notes were held and beneficially owned by the Relevant Account Holder. |
| (F) | The obligations of the Issuer under this Deed have been unconditionally and irrevocably guaranteed by Autoliv ASP, Inc. (the **Guarantor**) under a Deed of Guarantee (the **Guarantee**) executed by the Guarantor on 11 April 2019.  An executed copy of the Guarantee has been deposited with and shall be held by the Fiscal Agent on behalf of the Noteholders and the Relevant Account Holders from time to time at its specified office (being at the date hereof at 8 Canada Square, London, E14 5HQ, United Kingdom) and a copy of the Guarantee shall be available for inspection at that specified office and at the specified office of each of the other agents named in the Agency Agreement. |

**NOW THIS DEED WITNESSES** as follows:

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| 1. | If at any time the registered holder of the Global Note ceases to have rights under it in accordance with its terms, the Issuer covenants with each Relevant Account Holder (other than any Relevant Clearing System which is an account holder of any other Relevant Clearing System) that each Relevant Account Holder shall automatically acquire at the Relevant Time, without the need for any further action on behalf of any person, against the Issuer all those rights which the Relevant Account Holder would have had if at the Relevant Time it held and beneficially owned executed and authenticated Definitive Notes in respect of each Underlying Note represented by the Global Note which the Relevant Account Holder has credited to its securities account with the Relevant Clearing System at the Relevant Time. |

The Issuer's obligation under this clause shall be a separate and independent obligation by reference to each Underlying Note which a Relevant Account Holder has credited to its securities account with the Relevant Clearing System and the Issuer agrees that a Relevant Account Holder may assign its rights under this Deed in whole or in part.

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| 2. | The records of the Relevant Clearing System shall in the absence of manifest error be conclusive evidence of the identity of the Relevant Account Holders and the number of Underlying Notes credited to the securities account of each Relevant Account Holder.  For these purposes a statement issued by the Relevant Clearing System stating: | |
|  | (a) | the name of the Relevant Account Holder to which the statement is issued; and |
|  | (b) | the aggregate nominal amount of Underlying Notes credited to the securities account of the Relevant Account Holder as at the opening of business on the first day following the Relevant Time on which the Relevant Clearing System is open for business, |

shall, in the absence of manifest error, be conclusive evidence of the records of the Relevant Clearing System at the Relevant Time.

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| 3. | In the event of a dispute, the determination of the Relevant Time by the Relevant Clearing System shall (in the absence of manifest error) be final and conclusive for all purposes in connection with the Relevant Account Holders with securities accounts with the Relevant Clearing System. | | |
| 4. | The Issuer undertakes in favour of each Relevant Account Holder that, in relation to any payment to be made by it under this Deed, it will comply with the provisions of Condition 8 to the extent that they apply to any payments in respect of Underlying Notes as if those provisions had been set out in full in this Deed. | | |
| 5. | The Issuer will pay any stamp and other duties and taxes, including interest and penalties, payable on or in connection with the execution of this Deed and any action taken by any Relevant Account Holder to enforce the provisions of this Deed. | | |
| 6. | The Issuer represents, warrants and undertakes to and with each Relevant Account Holder that it has all corporate power, and has taken all necessary corporate or other steps, to enable it to execute, deliver and perform this Deed, and that this Deed constitutes legal, valid and binding obligations of the Issuer enforceable in accordance with its terms subject to the laws of bankruptcy and other laws affecting the rights of creditors generally. | | |
| 7. | This Deed shall take effect as a Deed Poll for the benefit of the Relevant Account Holders from time to time.  This Deed shall be deposited with and held by the common depositary for Euroclear and Clearstream, Luxembourg (being at the date of this Deed HSBC Bank plc at 8 Canada Square, London, E14 5HQ, United Kingdom) until all the obligations of the Issuer under this Deed have been discharged in full. | | |
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| 8. | The Issuer acknowledges the right of every Relevant Account Holder to the production of, and the right of every Relevant Account Holder to obtain (upon payment of a reasonable charge) a copy of, this Deed, and further acknowledges and covenants that the obligations binding upon it contained in this Deed are owed to, and shall be for the account of, each and every Relevant Account Holder, and that each Relevant Account Holder shall be entitled severally to enforce those obligations against the Issuer. | |
| 9. | If any provision in or obligation under this Deed is or becomes invalid, illegal or unenforceable in any respect under the law of any jurisdiction, that will not affect or impair (i) the validity, legality or enforceability under the law of that jurisdiction of any other provision in or obligation under this Deed, and (ii) the validity, legality or enforceability under the law of any other jurisdiction of that or any other provision in or obligation under this Deed. | |
| 10. | | (a)This Deed and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, the laws of England. | |
|  | (a) | Subject to 10(d) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with this Deed, including any dispute as to its existence, validity, interpretation, performance, breach or termination or the consequences of its nullity and any dispute relating to any non-contractual obligations arising out of or in connection with it (a **Dispute**) and each of the Issuer and any Relevant Account Holder in relation to any Dispute submits to the exclusive jurisdiction of the English courts. |  |
|  | (b) | For the purpose of this clause 10(a), the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute. |  |
|  | (c) | To the extent allowed by law, the Relevant Account Holders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions. |  |
|  | (d) | The Issuer irrevocably appoints Airbags International Limited at Viking Way, Congleton, Cheshire CW12 1TT as its agent under this Deed for service of process in any proceedings before the English courts in relation to any Dispute and agrees that, in the event of Airbags International Limited being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing in this clause shall affect the right to serve process in any other manner permitted by law. |  |
|  | (e) | WITHOUT PREJUDICE TO ANYTHING CONTAINED IN THIS CLAUSE (a), THE ISSUER WAIVES ANY RIGHT IT MAY HAVE TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION IN CONNECTION WITH THIS DEED. THIS DEED MAY BE FILED AS A WRITTEN CONSENT TO A BENCH TRIAL. |  |

**IN WITNESS** whereof the Issuer has caused this Deed to be duly executed the day and year first above mentioned.

Executed as a deed)

by **AUTOLIV, INC.**)

acting by)

acting on the authority )

of that company)

in the presence of:)

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Witness's signature:

Name:

Address:

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| **FORM OF PUT NOTICE**  **for Notes in definitive form** | | | |
| **AUTOLIV, INC.** | | | |
| [*title of relevant Series of Notes*] | | | |
| By depositing this duly completed Notice with the Registrar for the above Series of Notes (the **Notes**) the undersigned holder of the Notes surrendered with this Notice and referred to below irrevocably exercises its option to have [the full/](1) nominal amount of the Notes redeemed in accordance with Condition 7.4 (*Redemption and Purchase - Redemption at the option of the Noteholders (Investor Put)*) on [*redemption date*]. | | | |
| This Notice relates to Notes in the aggregate nominal amount of bearing the following serial numbers: | | | |
| If the Notes or a new Note in respect of the balance of the Notes referred to above are to be returned or delivered (as the case may be)(2) to the undersigned under clause 13.4 of the Agency Agreement, they should be returned or delivered (as the case may be) by uninsured post to: | | | |
| **Payment Instructions** | | | |
| Please make payment in respect of the above-mentioned Notes by transfer to the following bank account(1): | | | |
| Bank:   ……………………………………….. | | Branch Address:   ……………………………………….. | |
| Branch Code:   ……………………………………….. | | Account Number:   ……………………………………….. | |
| Signature of holder:   ……………………………………….. | | | |
| [*To be completed by recipient Registrar*] | | | |
| Received by:   ……………………………………….. | | | |
| [*Signature and stamp of Registrar/Paying Agent*] | | | |
| At its office at:   ……………………………………….. | | On:   ……………………………………….. | |
| **NOTES:** | | | |
| (1)Complete as appropriate. | | | |
| (2)The Agency Agreement provides that Notes so returned or delivered (as the case may be) will be sent by post, uninsured and at the risk of the Noteholder, unless the Noteholder otherwise requests and pays the costs of such insurance to the Registrar or the relevant Paying Agent at the time of depositing the Note referred to above. | | | |
| **N.B.The Registrar with whom the above-mentioned Notes are deposited will not in any circumstances be liable to the depositing Noteholder or any other person for any loss or damage arising from any act, default or omission of the Registrar in relation to the said Notes or any of them unless such loss or damage was caused by the fraud or negligence of the Registrar or its directors, officers or employees.** | | | |
| This Put Notice is not valid unless all of the paragraphs requiring completion are duly completed.  Once validly given this Put Notice is irrevocable except in the circumstances set out in clause 13.4 of the Agency Agreement. | | | |
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| **FORM OF CHANGE OF CONTROL EXERCISE NOTICE**  **for Notes in definitive form** | | | |
| **AUTOLIV, INC.** | | | |
| [*title of relevant Series of Notes*] | | | |
| By depositing this duly completed Notice with the Registrar for the above Series of Notes (the **Notes**) the undersigned holder of the Notes surrendered with this Notice and referred to below irrevocably exercises its option to have [the full/](1) nominal amount of the Notes redeemed in accordance with Condition 7.5 (*Redemption and Purchase - Redemption at the option of the Noteholders on a Change of Control (Change of Control Put))* on [*redemption date*]. | | | |
| This Notice relates to Notes in the aggregate nominal amount of bearing the following serial numbers: | | | |
| If the Notes or a new Note in respect of the balance of the Notes referred to above are to be returned or delivered (as the case may be)(2) to the undersigned under clause 13.4 of the Agency Agreement, they should be returned or delivered (as the case may be) by uninsured post to: | | | |
| **Payment Instructions** | | | |
| Please make payment in respect of the above-mentioned Notes by transfer to the following bank account(1): | | | |
| Bank:   ……………………………………….. | | Branch Address:   ……………………………………….. | |
| Branch Code:   ……………………………………….. | | Account Number:   ……………………………………….. | |
| Signature of holder:   ……………………………………….. | | | |
| [*To be completed by recipient Registrar*] | | | |
| Received by:   ……………………………………….. | | | |
| [*Signature and stamp of Registrar/Paying Agent*] | | | |
| At its office at:   ……………………………………….. | | On:   ……………………………………….. | |
| **NOTES:** | | | |
| (1)Complete as appropriate. | | | |
| (2)The Agency Agreement provides that Notes so returned or delivered (as the case may be) will be sent by post, uninsured and at the risk of the Noteholder, unless the Noteholder otherwise requests and pays the costs of such insurance to the Registrar or the relevant Paying Agent at the time of depositing the Note referred to above. | | | |
| **N.B.The Registrar with whom the above-mentioned Notes are deposited will not in any circumstances be liable to the depositing Noteholder or any other person for any loss or damage arising from any act, default or omission of the Registrar in relation to the said Notes or any of them unless such loss or damage was caused by the fraud or negligence of the Registrar or its directors, officers or employees.** | | | |
| This Change of Control Exercise Notice is not valid unless all of the paragraphs requiring completion are duly completed.  Once validly given this Change of Control Exercise Notice is irrevocable except in the circumstances set out in clause 13.4 of the Agency Agreement. | | | |
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**PROVISIONS FOR MEETINGS OF NOTEHOLDERS**

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| **1.** | **DEFINITIONS** |

As used in this Schedule, the following expressions have the following meanings unless the context otherwise requires:

**Block Voting Instruction** means an English language document issued by a Paying Agent and dated:

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|  | (a) | | which relates to a specified nominal amount of Notes and a meeting (or adjourned meeting) of the holders of the Series of which those Notes form part; | | | |
|  | (b) | | in which it is certified that on the date thereof Notes (whether in definitive form or represented by a Global Note) (not being Notes in respect of which a Voting Certificate has been issued and is outstanding in respect of the meeting specified in such Block Voting Instruction) have been deposited with such Paying Agent or (to the satisfaction of such Paying Agent) are held to its order or under its control or are blocked in an account with a Clearing System and that no such Notes will cease to be so deposited or held or blocked until the first to occur of: | | | |
|  | | (i) | | the conclusion of the meeting specified in such Block Voting Instruction; and | | |
|  | | (ii) | | the surrender to the Paying Agent, not less than 48 Hours before the time for which such meeting is convened, of the receipt issued by such Paying Agent in respect of each such deposited Note which is to be released or (as the case may require) the Notes ceasing with the agreement of the Paying Agent to be held to its order or under its control or so blocked and the giving of notice by the Paying Agent to the Issuer in accordance with paragraph 3(e) of the necessary amendment to the Block Voting Instruction; | | |
|  | (c) | | in which it is certified that each holder of such Notes has instructed such Paying Agent that the votes attributable to the Notes so deposited or held or blocked should be cast in a particular way in relation to the resolution(s) to be put to such meeting and that all such instructions are, during the period commencing 48 Hours prior to the time for which such meeting is convened and ending at the conclusion or adjournment thereof, neither revocable nor capable of amendment; | | | |
|  | (d) | | which identifies with regard to each resolution to be proposed at the meeting the nominal amount of Notes so deposited, held or blocked, distinguishing with regard to each such resolution between those in respect of which instructions have been given that the votes attributable thereto should be cast in favour of the resolution and those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution; and | | | |
|  | (e) | | which states that one or more named persons (each hereinafter called a **proxy**) is or are authorised and instructed by such Paying Agent to cast the votes attributable to the Notes so listed in accordance with the instructions referred to in (d) above as set out in such Block Voting Instruction; | | | |
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**Clearing System** meansEuroclear and/or Clearstream, Luxembourg and includes, in respect of any Note, any clearing system on behalf of which such Note is held or which is the bearer or(directly or through a nominee) registered ownerof a Note, in either case whether alone or jointly with any other Clearing System(s). For the avoidance of doubt, the provisions of clause 1.2(h)of the Agency Agreementshall apply to this definition;

**Eligible Person** means any one of the following persons who shall be entitled to attend and vote at a meeting:

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|  | (a) | a holder of a Note in definitive form; |
|  | (b) | a bearer of any Voting Certificate; |
|  | (c) | a proxy specified in any Block Voting Instruction; |

**Extraordinary Resolution** means:

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|  | (a) | a resolution passed at a meeting duly convened and held in accordance with the provisions of this Schedule by a majority consisting of not less than three-fourths of the Eligible Persons voting thereon upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than three-fourths of the votes cast on such poll; |
|  | (b) | a resolution in writing signed by or on behalf of all the Noteholders/the holders of not less than three-fourths in principal amount of the Notes for the time being outstanding (a **Written Resolution**) which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the holders; or |
|  | (c) | consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Fiscal Agent) by or on behalf of the holders of not less than three-fourths in principal amount of the Notes for the time being outstanding; |

**Voting Certificate** means an English language certificate issued by a Paying Agent and dated in which it is stated:

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|  | (a) | | that on the date thereof Notes (whether in definitive form or represented by a Global Note) (not being Notes in respect of which a Block Voting Instruction has been issued and is outstanding in respect of the meeting specified in such Voting Certificate) where deposited with such Paying Agent or (to the satisfaction of such Paying Agent) are held to its order or under its control or are blocked in an account with a Clearing System and that no such Notes will cease to be so deposited or held or blocked until the first occur of: | |
|  | | (i) | | the conclusion of the meeting specified in such Voting Certificate; and |
|  | | (ii) | | the surrender of the Voting Certificate to the Paying Agent who issued the same; and |
|  | (b) | | that the bearer thereof is entitled to attend and vote at such meeting and any adjourned meeting in respect of the Notes represented by such Voting Certificate; | |

**24 hours** means a period of 24 hours including all or part of a day on which banks are open for business both in the place where the relevant meeting is to be held and in each of the places where the Paying Agents have their specified offices (disregarding for this purpose the day on which the meeting is to be held) and that period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included all or part of a day on which banks are open for business in all of the places where the Paying Agents have their specified offices; and

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**48 hours** means a period of 48 hours including all or part of two days on which banks are open for business both in the place where the relevant meeting is to be held and in each of the places where the Paying Agents have their specified offices (disregarding for this purpose the day on which the meeting is to be held) and that period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included all or part of two days on which banks are open for business in all of the places where the Paying Agents have their specified offices.

For the purposes of calculating a period of **Clear Days** in relation to a meeting, no account shall be taken of the day on which the notice of such meeting is given (or in the case of an adjourned meeting, the day on which the meeting to be adjourned is held) or the day on which such meeting is held.

References in this Schedule to the **Notes** are to the Series of Notes in respect of which the meeting is, or is proposed to be, convened.

For the purposes of calculating a period of **clear days**, no account shall be taken of the day on which a period commences or the day on which a period ends.

All references in this Schedule to a **meeting** shall, where the context so permits, include any relevant adjourned meeting.

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| **2.** | **EVIDENCE OF ENTITLEMENT TO ATTEND AND VOTE** |

A Noteholder may require the issue by any Paying Agent of Voting Certificates and Block Voting Instructions in accordance with the terms of paragraph 3.

For the purposes of paragraph 3, the Fiscal Agent or the Registrar, as the case may be, shall be entitled to rely, without further enquiry, on any information or instructions received from a relevant clearing system and shall have no liability to any Noteholder or other person for any loss, damage, cost, claim or other liability caused by its reliance on those instructions, nor for any failure by a relevant clearing system to deliver information or instructions to the Fiscal Agent.

The holder of any voting certificate or the proxies named in any block voting instruction shall for all purposes in connection with the meeting or adjourned meeting be deemed to be the holder of the Notes to which the voting certificate or block voting instruction relates and the Paying Agent with which the Notes have been deposited or the person holding the Notes to the order or under the control of any Paying Agent shall be deemed for those purposes not to be the holder of those Notes.

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| **3.** | **PROCEDURE FOR ISSUE OF VOTING CERTIFICATES, BLOCK VOTING INSTRUCTIONS AND PROXIES** |
| 3.1 | **Definitive Notes not held in a Clearing System** |

If Notes have been issued in definitive form and are not held in an account with any Clearing System, the Fiscal Agent may from time to time prescribe further regulations (in accordance with paragraph 22) to enable the holders of such Notes to attend and/or vote at a meeting in respect of such Notes.

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| 3.2 | **Global Notes and definitive Notes held in a Clearing System - Voting Certificate** |

A holder of a Note (not being a Note in respect of which instructions have been given to the Fiscal Agent in accordance with paragraph 3.3) represented by a Global Note or which is in definitive form and is held in an account with any Clearing System may procure the delivery of a Voting Certificate in respect of such Note by giving notice to the Clearing System through which such Noteholder's

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interest in the Note is held specifying by name a person (an **Identified Person**) (which need not be the Noteholder himself) to collect the Voting Certificate and attend and vote at the meeting. The relevant Voting Certificate will be made available at or shortly prior to the commencement of the meeting by the Fiscal Agent against presentation by such Identified Person of the form of identification previously notified by such holder to the Clearing System. The Clearing System may prescribe forms of identification (including, without limitation, a passport or driving licence) which it considers appropriate for these purposes. Subject to receipt by the Fiscal Agent from the Clearing System, no later than 24 hours before the time for which such meeting is convened, of notification of the principal amount of the Notes to be represented by any such Voting Certificate and the form of identification against presentation of which such Voting Certificate should be released, the Fiscal Agent shall, without any obligation to make further enquiry, make available Voting Certificates against presentation of the form of identification corresponding to that notified.

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| 3.3 | **Global Notes and definitive Notes held in a Clearing System - Block Voting Instruction** | | |
| (a) | A holder of a Note (not being a Note in respect of which a Voting Certificate has been issued) represented by a Global Note or which is in definitive form and is held in an account with any Clearing System may require the Fiscal Agent to issue a Block Voting Instruction in respect of such Note by first instructing the Clearing System through which such Noteholder's interest in the Note is held to procure that the votes attributable to such Note should be cast at the meeting in a particular way in relation to the resolution or resolutions to be put to the meeting.  Any such instruction shall be given in accordance with the rules of the Clearing System then in effect.  Subject to receipt by the Fiscal Agent, no later than 24 hours prior to the time for which such meeting is convened, of notification of the principal amount of the Notes in respect of which instructions have been given and the manner in which the votes attributable to such Notes should be cast, the Fiscal Agent shall, without any obligation to make further enquiry, appoint a proxy to attend the meeting and cast votes in accordance with those instructions. | | |
| (b) | Each Block Voting Instruction shall be deposited by the relevant Paying Agent at the place specified by the Fiscal Agent for the purpose not less than 24 Hours before the time appointed for holding the meeting at which the proxy or proxies named in the Block Voting Instruction proposes to vote, and in default the Block Voting Instruction shall not be treated as valid unless the Chairman of the meeting decides otherwise before such meeting proceeds to business.  A copy of each Block Voting Instruction shall (if so requested by the Issuer) be deposited with the Issuer before the commencement of the meeting but the Issuer shall not as a result be obliged to investigate or be concerned with the validity of or the authority of the proxy or proxies named in such Block Voting Instruction. | | |
| (c) | Any vote given in accordance with the terms of a Block Voting Instruction shall be valid notwithstanding the previous revocation or amendment of the Block Voting Instruction or of any of the instructions of the relevant Noteholder or the relevant Clearing System (as the case may be) pursuant to which it was executed provided that no intimation in writing of such revocation or amendment has been received from the relevant Paying Agent by the Issuer at its registered office by the time being 24 hours before the time appointed for holding the meeting at which the Block Voting Instruction is to be used. | | |
| **4.** | **CONVENING OF MEETINGS, QUORUM, ADJOURNED MEETINGS** | | |
| 4.1 | The Issuer or the Guarantor may at any time, and the Issuer shall upon a requisition in writing in the English language signed by the Noteholders of not less than 10 per cent. in principal amount of the Notes for the time being outstanding, convene a meeting and if the Issuer makes default for a period of seven days in convening such a meeting the same may be convened by the relevant Noteholders.  Whenever the Issuer or the Guarantor is about to convene any such meeting the Issuer or the Guarantor, as the case may be, shall forthwith give notice in writing to the Fiscal Agent of the day, | | |
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|  | time and place of the meeting and of the nature of the business to be transacted at the meeting.  Every such meeting shall be held at such time and place approved by the Fiscal Agent (which need not be a physical place and instead may be by way of a conference call using a videoconference platform). | | |
| 4.2 | At least 21 Clear Days' notice specifying the place, day and hour of the meeting shall be given to the Noteholders prior to any meeting in the manner provided by Condition 13 (*Notices*).  Such notice, which shall be in the English language, shall state generally the nature of the business to be transacted at the meeting thereby convened and, where an Extraordinary Resolution will be proposed at the meeting, shall either specify in such notice the terms of such resolution or state fully the effect on the Noteholders of such resolution, if passed.  Such notice shall include statements as to the manner in which Noteholders may arrange for Voting Certificates or Block Voting Instructions to be issued.  A copy of the notice shall be sent by post to the Issuer (unless the meeting is convened by the Issuer) and to the Guarantor (unless the meeting is convened by the Guarantor). | | |
| 4.3 | The person (who may but need not be a Noteholder) nominated in writing by the Issuer shall be entitled to take the chair at each meeting but if no such nomination is made or if at any meeting the person nominated shall not be present within 15 minutes after the time appointed for holding the meeting the Noteholders present shall choose one of their number to be Chairman failing which the Issuer may appoint a Chairman.  The Chairman of an adjourned meeting need not be the same person as was Chairman of the meeting from which the adjournment took place. | | |
| 4.4 | At any such meeting one or more Eligible Persons present and holding or representing in the aggregate more than 50 per cent. in principal amount of the Notes for the time being outstanding shall (subject as provided below) form a quorum for the transaction of business (including the passing of an Extraordinary Resolution) PROVIDED THAT at any meeting the business of which includes any Basic Terms Modification (which shall only be capable of being effected after having been approved by Extraordinary Resolution) the quorum shall be one or more Eligible Persons present and holding or representing in the aggregate not less than two-thirds of the principal amount of the Notes for the time being outstanding.  No business (other than the choosing of a Chairman) shall be transacted at any meeting unless the requisite quorum be present at the commencement of the relevant business. | | |
| 4.5 | If within 15 minutes (or such longer period not exceeding 30 minutes as the Chairman may decide) after the time appointed for such meeting a quorum is not present for the transaction of any particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the meeting shall if convened upon the requisition of Noteholders be dissolved.  In any other case it shall stand adjourned for such period being not less than 13 Clear Days nor more than 42 Clear Days and to such place as may be appointed by the Chairman either at or subsequent to such meeting and approved by the Fiscal Agent.  If within 15 minutes (or a longer period not exceeding 30 minutes as the Chairman may decide) after the time appointed for any adjourned meeting a quorum is not present for the transaction of any particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the Chairman may either dissolve such meeting or adjourn the same for such period, being not less than 13 Clear Days (but without any maximum number of Clear Days) and to such place as may be appointed by the Chairman either at or subsequent to such adjourned meeting and approved by the Fiscal Agent, and the provisions of this sentence shall apply to all further adjourned such meetings. | | |
| 4.6 | At any adjourned meeting one or more Eligible Persons present (whatever the principal amount of the Notes so held or represented by them) shall (subject as provided below) form a quorum and shall have power to pass any resolution and to decide upon all matters which could properly have been dealt with at the meeting from which the adjournment took place had the requisite quorum been present PROVIDED THAT at any adjourned meeting the quorum for the transaction of business comprising any Basic Terms Modification shall be one or more Eligible Persons present and holding | | |
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|  | or representing in the aggregate not less than one‑third of the principal amount of the Notes for the time being outstanding. | | | |
| 4.7 | Notice of any adjourned meeting shall be given in the same manner as notice of an original meeting but as if 10 were substituted for 21 in paragraph 4.2 and such notice shall state the required quorum. | | | |
| **5.** | **CONDUCT OF BUSINESS AT MEETINGS** | | | |
| 5.1 | Every question submitted to a meeting shall be decided in the first instance by a show of hands.  A poll may be demanded (before or on the declaration of the result of the show of hands) by the Chairman, the Issuer, the Guarantor or any Eligible Person (whatever the amount of the Notes so held or represented by him). | | | |
| 5.2 | At any meeting, unless a poll is duly demanded, a declaration by the Chairman that a resolution has been carried or carried by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. | | | |
| 5.3 | Subject to paragraph 5.5, if at any such meeting a poll is so demanded it shall be taken in such manner and, subject as provided below, either at once or after an adjournment as the Chairman directs and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded as at the date of the taking of the poll.  The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the motion on which the poll has been demanded. | | | |
| 5.4 | The Chairman may, with the consent of (and shall if directed by) any meeting, adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. | | | |
| 5.5 | Any poll demanded at any meeting on the election of a Chairman or on any question of adjournment shall be taken at the meeting without adjournment. | | | |
| 5.6 | Any director or officer of the Issuer or, as the case may be, the Guarantor, their lawyers and financial advisers and any director or officer of any of the Paying Agents may attend and speak at any meeting.  Save as aforesaid, no person shall be entitled to attend and speak nor shall any person be entitled to vote at any meeting unless he is an Eligible Person.  No person shall be entitled to vote at any meeting in respect of Notes which are deemed to be not outstanding by virtue of the proviso to the definition of "outstanding" in paragraph 1 of this Agreement. | | | |
| 5.7 | Subject as provided in paragraph 5.6, at any meeting: | | | |
|  | (a) | on a show of hands every Eligible Person present shall have one vote; and | | |
|  | (b) | on a poll every Eligible Person present shall have one vote in respect of: | | |
|  | | (i) | each EUR1.00; and | | |
|  | | (ii) | in the case of a meeting of the holders of Notes denominated in a currency other than euro, the equivalent of EUR1.00 in that currency (calculated as specified in subclause 5.13(a) and 5.13(b)). | | |
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Without prejudice to the obligations of the proxies named in any Block Voting Instruction, any Eligible Person entitled to more than one vote need not use all his votes or cast all the votes to which he is entitled in the same way.

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| 5.8 | The proxies named in any Block Voting Instruction need not be Noteholders. Nothing herein shall prevent any of the proxies named in any Block Voting Instruction from being a director, officer or representative of or otherwise connected with the Issuer. | | |
| 5.9 | The Noteholders shall in addition to the powers set out above have the following powers exercisable only by Extraordinary Resolution (subject, in the case of an Extraordinary Resolution to be proposed at a meeting, to the provisions relating to quorum contained in paragraph 4.4 and 4.6), namely: | | |
|  | (a) | power to sanction any compromise or arrangement proposed to be made between the Issuer and the Guarantor and the Noteholders or any of them; | |
|  | (b) | power to approve any abrogation, modification, compromise or arrangement in respect of the rights of the Noteholders against the Issuer and the Guarantor against any other or others of them or against any of their property whether such rights arise under this Agreement, the Notes or otherwise; | |
|  | (c) | power to agree to any modification of the provisions contained in this Agreement or the Conditions, the Notes, the Guarantee or the Deed of Covenant which is proposed by the Issuer or the Guarantor; | |
|  | (d) | power to give any authority or sanction which under the provisions of this Schedule or the Notes is required to be given by Extraordinary Resolution; | |
|  | (e) | power to appoint any persons (whether Noteholders or not) as a committee or committees to represent the interests of the Noteholders and to confer upon such committee or committees any powers or discretions which the Noteholders could themselves exercise by Extraordinary Resolution; | |
|  | (f) | power to approve any scheme or proposal for the exchange or sale of the Notes for, or the conversion of the Notes into, or the cancellation of the Notes in consideration of, shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or the Guarantor or any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities as stated above and partly for or into or in consideration of cash; and | |
|  | (g) | power to approve the substitution of any entity in place of the Issuer and/or the Guarantor (or any previous substitute) as principal debtor and/or guarantor, as the case may be. | |
| 5.10 | Any Extraordinary Resolution (i) passed at a meeting of the Noteholders duly convened and held (ii) passed as an Extraordinary Resolution in writing or (iii) passed by way of electronic consents given by holders through the relevant Clearing System(s), in accordance with the provisions of this Schedule shall be binding upon all the Noteholders whether present or not or whether or not represented at any meeting and whether or not voting on such Extraordinary Resolution and the passing of any such Extraordinary Resolution shall be conclusive evidence that the circumstances justify its passing.  Notice of the result of voting on any Extraordinary Resolution duly considered by the Noteholders shall be published in accordance with Condition 13 (*Notices*) by the Issuer within 14 days of the result being known **PROVIDED THAT** non-publication of such notice shall not invalidate such result. | | |
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| 5.11 | Minutes of all resolutions and proceedings at every meeting shall be made and entered in books to be from time to time provided for that purpose by the Issuer and any such minutes, if purporting to be signed by the Chairman of the meeting at which such resolutions were passed or proceedings transacted shall be conclusive evidence of the matters contained in them and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings transacted at the meeting to have been duly passed or transacted. | |
| 5.12 | Subject to all other provisions contained in this Schedule, the Fiscal Agent may without the consent of the Issuer, the Guarantor or the Noteholders prescribe any other regulations regarding the calling and/or the holding of meetings of Noteholders and attendance and voting at them as the Fiscal Agent may in its sole discretion think fit (including, without limitation, the substitution for periods of 24 hours and 48 hours referred to in this Schedule of shorter periods).  Any regulations prescribed by the Fiscal Agent may but need not reflect the practices and facilities of any relevant Clearing System.  Notice of any other regulations may be given to Noteholders in accordance with Condition 13 (*Notices*) and/or at the time of service of any notice convening a meeting. | |
| 5.13 | If the Issuer has issued and has outstanding Notes which are not denominated in euro, the nominal amount of such Notes shall: | |
|  | (a) | for the purposes of paragraph 4.1, be the equivalent in euro at the spot rate of a bank nominated by the Fiscal Agent for the conversion of the relevant currency or currencies into euro on the seventh dealing day before the day on which the written requirement to call the meeting is received by the Issuer; and |
|  | (b) | for the purposes of paragraphs 4.4, 4.6 and 5.7 above (whether in respect of the meeting or any adjourned meeting or any poll), be the equivalent at that spot rate on the seventh dealing day before the day of the meeting, |

and, in all cases, the equivalent in euro of Dual Currency Notes, Index Linked Notes, Partly Paid Notes, Zero Coupon Notes or any other Notes issued at a discount or a premium shall be calculated by reference to the original nominal amount of those Notes.

In the circumstances set out above, on any poll each person present shall have one vote for each EUR1.00 in nominal amount of the Notes (converted as above) which he holds or represents.

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**FORMS OF GLOBAL AND DEFINITIVE NOTES**

**FORMS OF GLOBAL NOTE**

**[THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART.]**

**AUTOLIV, INC.**

**GLOBAL NOTE**

Unconditionally and irrevocably guaranteed by

**AUTOLIV ASP, INC.**

Autoliv, Inc. (the **Issuer**) hereby certifies that [[ ](4) is, at the date hereof, entered in the Register as the holder] [the person whose name is entered in the Register is the registered holder](5)] of the aggregate nominal amount of [ ] of a duly authorised issue of Notes (the **Notes**) described, and having the provisions specified, in Part A of the attached Pricing Supplement (the **Pricing Supplement**). References in this Global Note to the Conditions shall be to the Terms and Conditions of the Notes set out in Schedule 2 to the Agency Agreement (as defined below) as completed by the information set out in the Pricing Supplement which may modify and supplement such Terms and Conditions, but in the event of any conflict between the provisions of (i) that Schedule or (ii) this Global Note and the information set out in the Pricing Supplement, the Pricing Supplement will prevail.

Words and expressions defined or set out in the Conditions and/or the Pricing Supplement shall have the same meaning when used in this Global Note.

This Global Note is issued subject to, and with the benefit of, the Conditions and an Agency Agreement (the **Agency Agreement** which expression shall be construed as a reference to that agreement as the same may be amended, supplemented, novated or restated from time to time) dated 11 April 2019 and made between the Issuer, Autoliv ASP, Inc. (the **Guarantor**), HSBC Bank plc (the **Registrar**) and the other Agents named in it.

Subject to and in accordance with the Conditions, the registered holder of this Global Note is entitled to receive on each Instalment Date (if the Notes are repayable in instalments) and on the Maturity Date and/or on such earlier date(s) as all or any of the Notes represented by this Global Note may become due and repayable in accordance with the Conditions, the amount payable under the Conditions in respect of the

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| (4) | To be included on a Global Note registered in the name of a nominee of a common depositary for Euroclear and Clearstream, Luxembourg only. | | | |
| (5) | To be included on a Global Note registered in the name of a nominee of a common safekeeper for Euroclear and Clearstream, Luxembourg only. | | | |
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Notes represented by this Global Note on each such date and to pay interest (if any) on the nominal amount of the Notes from time to time represented by this Global Note calculated and payable as provided in the Conditions together with any other sums payable under the Conditions, all in accordance with the Conditions.

The nominal amount of the Notes held by the registered holder hereof shall be the aggregate nominal amount stated in the Pricing Supplement or, if lower, the nominal amount most recently entered in the Register.

On any redemption or payment of an instalment or interest being made in respect of, or purchase and cancellation of, any of the Notes represented by this Global Note, details of such redemption, payment or purchase and cancellation (as the case may be) shall be entered by the Registrar in the Register. Upon any such redemption, payment of an instalment or purchase and cancellation, the nominal amount of the Notes held by the registered holder hereof shall be reduced by the nominal amount of the Notes so redeemed or purchased and cancelled or by the amount of such instalment so paid.

Notes represented by this Global Note are transferable only in accordance with, and subject to, the provisions of this Global Note (including the legend set out above) and of Condition 2.1 and the rules and operating procedures of Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking S.A., (**Clearstream, Luxembourg**)

This Global Note may be exchanged in whole but not in part (free of charge) for Definitive Notes in the form set out in Part 2 of ‎Schedule 7 to the Agency Agreement (on the basis that all the appropriate details have been included on the face of such Definitive Notes and the Pricing Supplement (or the relevant provisions of the Pricing Supplement) have been endorsed on or attached to such Definitive Notes) only upon the occurrence of an Exchange Event.

An **Exchange Event** means:

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| (a) | an Event of Default (as defined in Condition 10) has occurred and is continuing; |
| (b) | if this Global Note is registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available; or |
| (c) | the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by this Global Note in definitive form. |

The Issuer will promptly give notice to Noteholders in accordance with Condition 13 upon the occurrence of an Exchange Event. In the event of the occurrence of any Exchange Event, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf, acting on the instructions of any holder of an interest in this Global Note, may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (c) above, the Issuer may also give notice to the Registrar requesting exchange.

Any exchange shall occur no later than 10 days after the date of receipt of the relevant notice by the Registrar and will be made upon presentation of this Global Note at the office of the Registrar by or on behalf of the holder of it on any day (other than a Saturday or Sunday) on which banks are open for general business in London. The aggregate nominal amount of Definitive Notes issued upon an exchange of this Global Note will be equal to the aggregate nominal amount of this Global Note at the time of such exchange.

On an exchange in whole of this Global Note, this Global Note shall be surrendered to or to the order of the Registrar.

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On any exchange following which Notes represented by this Global Note are no longer to be so represented details of the exchange shall be entered by the Registrar in the Register, following which the nominal amount of this Global Note and the Notes held by the registered holder of this Global Note shall be reduced by the nominal amount so exchanged.

Until the exchange of the whole of this Global Note, the registered holder of this Global Note shall in all respects (except as otherwise provided in this Global Note and in the Conditions) be entitled to the same benefits as if he were the registered holder of the Definitive Notes represented by this Global Note.

Payments due in respect of Notes for the time being represented by this Global Note shall be made to the registered holder of this Global Note and each payment so made will discharge the Issuer’s obligations in respect thereof. Any failure to make entries in the register referred to above shall not affect such discharge.

In the event that (a) this Global Note (or any part of it) has become due and repayable in accordance with the Conditions or that the Maturity Date has occurred and, in either case, payment in full of the amount due has not been made to the registered holder of this Global Note in accordance with the provisions set out above or (b) following an Exchange Event, this Global Note is not duly exchanged for definitive Notes by the day provided above, then from 8.00 p.m. London time on such day each Noteholder will become entitled to proceed directly against the Issuer on, and subject to the terms of, a Deed of Covenant executed by the Issuer on 11 April 2019 (as amended, supplemented, novated and/or restated as at the Issue Date) in respect of the Notes and the registered holder will have no further rights under this Global Note (but without prejudice to the rights which the registered holder or any other person may have under the Deed of Covenant).

This Global Note is not a document of title. Entitlements are determined by entry in the Register and only the duly registered holder from time to time is entitled to payment in respect of this Global Note.

The statements in the legend set out above are an integral part of the terms of this Global Note and, by acceptance of this Global Note, the registered holder of this Global Note agrees to be subject to and bound by the terms and provisions set out in the legend.

If any provision in or obligation under this Global Note is or becomes invalid, illegal or unenforceable in any respect under the law of any jurisdiction, that will not affect or impair (i) the validity, legality or enforceability under the law of that jurisdiction of any other provision in or obligation under this Global Note, and (ii) the validity, legality or enforceability under the law of any other jurisdiction of that or any other provision in or obligation under this Global Note.

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Global Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

This Global Note and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, English law.

This Global Note shall not be valid unless authenticated by the Registrar and, if the applicable Pricing Supplement indicates that this Global Note is intended to be held under the New Safekeeping Structure, effectuated by the entity appointed as common safekeeper by Euroclear or Clearstream, Luxembourg.

IN WITNESS whereof the Issuer has caused this Global Note to be duly executed on its behalf.

**Autoliv, Inc.**

By

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| Authenticated without recourse, warranty or liability by |
| **HSBC Bank plc** |
| By: |
| [Effectuated without recourse, warranty or liability by  ………………………………  as common safekeeper  By:]\*\* |

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**PART 2 OF SCHEDULE 6**

**FORM OF DEFINITIVE NOTE**

**AUTOLIV, INC.**

**[*Specified Currency and Nominal Amount of Tranche*] Notes [Due [Year of Maturity]]**

**[THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART.]**

Autoliv, Inc. (the **Issuer**) hereby certifies that [ ] is/are, at the date of this Note, entered in the Register as the holder(s) of the aggregate nominal amount of [ ] of a duly authorised issue of Notes (the **Notes**) described, and having the provisions specified, in Part A of the attached Pricing Supplement (the **Pricing Supplement**). References in this Note to the Conditions shall be to the Terms and Conditions [endorsed on this Note/attached to this Note/set out in ‎Schedule 2 to the Agency Agreement (as defined below)] as [completed][modified and supplemented] by information set out in the Pricing Supplement but, in the event of any conflict between the provisions of the Conditions and the information in the Pricing Supplement, the Pricing Supplement will prevail.

Words and expressions defined or set out in the Conditions and/or the Pricing Supplement shall have the same meaning when used in this Note.

This Note is issued subject to, and with the benefit of, the Conditions and an Agency Agreement (the **Agency Agreement**, which expression shall be construed as a reference to that agreement as the same may be amended, supplemented, novated or restated from time to time) dated 11 April 2019 and made between the Issuer, HSBC Bank plc (the **Registrar**) and the other parties named in it.

Subject to and in accordance with the Conditions, the registered holder(s) of this Note is/are entitled to receive on each Instalment Date (if this Note is repayable in instalments) and on the Maturity Date and/or on such earlier date(s) as this Note may become due and repayable in accordance with the Conditions, the amount payable under the Conditions in respect of the Notes represented by this Note on each such due date and interest (if any) on this Note calculated and payable as provided in the Conditions together with any other sums payable under the Conditions, all in accordance with the Conditions.

If any provision in or obligation under this Note is or becomes invalid, illegal or unenforceable in any respect under the law of any jurisdiction, that will not affect or impair (i) the validity, legality or enforceability under the law of that jurisdiction of any other provision in or obligation under this Note, and (ii) the validity, legality or enforceability under the law of any other jurisdiction of that or any other provision in or obligation under this Note.

This Note is not a document of title. Entitlements are determined by entry in the Register and only the duly registered holder from time to time is entitled to payment in respect of this Note.

This Note shall not be valid unless authenticated by the Registrar.

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**IN WITNESS** whereof the Issuer has caused this Note to be duly executed on its behalf.

**Autoliv, Inc.**

By:

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| Authenticated without recourse, warranty or liability by |
| **HSBC BANK plc** |
| By: |
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| **FORM OF TRANSFER** |
| FOR VALUE RECEIVED the undersigned hereby sell(s), assign(s) and transfer(s) to |
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| (*Please print or type name and address (including postal code) of transferee*) |
| [*Specified Currency*][               ] nominal amount of this Note and all rights hereunder, hereby irrevocably constituting and appointing [l] as attorney to transfer such principal amount of this Note in the register maintained by Autoliv, Inc. with full power of substitution. |
|  |
| Signature(s) |
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| Date: |
| **NOTE**: |
| •This form of transfer must be accompanied by such documents, evidence and information as may be required pursuant to the Conditions and must be executed under the hand of the transferor or, if the transferor is a corporation, either under its common seal or under the hand of two of its officers duly authorised in writing and, in such latter case, the document so authorising such officers must be delivered with this form of transfer. |
| The signature(s) on this form of transfer must correspond with the name(s) as it/they appear(s) on the face of this Note in every particular, without alteration or enlargement or any change whatever. |
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**REGISTER AND TRANSFER OF NOTES**

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| 1. | The Registrar shall at all times maintain in a place agreed by the Issuer the Register showing the amount of the Notes from time to time outstanding and the dates of issue and all subsequent transfers and changes of ownership of the Notes and the names and addresses of the holders of the Notes.  The holders of the Notes or any of them and any person authorised by any of them may at all reasonable times during office hours inspect the Register and take copies of or extracts from it.  The Register may be closed by the Issuer for such periods and at such times (not exceeding in total 30 days in any one year) as it may think fit. | | |
| 2. | Each Note shall have an identifying serial number which shall be entered on the Register. | | |
| 3. | The Notes are transferable by execution of the form of transfer endorsed on them under the hand of the transferor or, where the transferor is a corporation, under its common seal or under the hand of two of its officers duly authorised in writing. | | |
| 4. | The Notes to be transferred must be delivered for registration to the specified office of the Registrar with the form of transfer endorsed on them duly completed and executed and must be accompanied by such documents, evidence and information as may be required pursuant to the Conditions and such other evidence as the Issuer may reasonably require to prove the title of the transferor or his right to transfer the Notes and, if the form of transfer is executed by some other person on his behalf or in the case of the execution of a form of transfer on behalf of a corporation by its officers, the authority of that person or those persons to do so. | | |
| 5. | The executors or administrators of a deceased holder of Notes (not being one of several joint holders) and in the case of the death of one or more of several joint holders the survivor or survivors of such joint holders shall be the only person or persons recognised by the Issuer as having any title to such Notes. | | |
| 6. | Any person becoming entitled to Notes in consequence of the death or bankruptcy of the holder of such Notes may upon producing such evidence that he holds the position in respect of which he proposes to act under this paragraph or of his title as the Issuer shall require be registered himself as the holder of such Notes or, subject to the preceding paragraphs as to transfer, may transfer such Notes.  The Issuer shall be at liberty to retain any amount payable upon the Notes to which any person is so entitled until such person shall be registered or shall duly transfer the Notes. | | |
| 7. | Unless otherwise requested by him, the holder of Notes of any Series shall be entitled to receive only one Note in respect of his entire holding of the Series. | | |
| 8. | The joint holders of Notes of any Series shall be entitled to one Note only in respect of their joint holding of the Series which shall, except where they otherwise direct, be delivered to the joint holder whose name appears first in the Register in respect of such joint holding. | | |
| 9. | Where a holder of Notes has transferred part only of his holding of Notes represented by a single Note there shall be delivered to him without charge a Note in respect of the balance of his holding. | | |
| 10. | The Issuer shall make no charge to the Noteholders for the registration of any holding of Notes or any transfer of it or for the issue or delivery of Notes in respect of the holding at the specified office of the Registrar or by uninsured mail to the address specified by the holder.  If any holder entitled to receive a Note wishes to have the same delivered to him otherwise than at the specified office of the | | |
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|  | Registrar, such delivery shall be made, upon his written request to the Registrar, at his risk and (except where sent by uninsured mail to the address specified by the holder) at his expense. |
| 11. | The holder of a Note may (to the fullest extent permitted by applicable laws) be treated at all times, by all persons and for all purposes as the absolute owner of the Note notwithstanding any notice any person may have of the right, title, interest or claim of any other person to the Note.  The Issuer shall not be bound to see to the execution of any trust to which any Note may be subject and no notice of any trust shall be entered on the Register.  The holder of a Note will be recognised by the Issuer and the Guarantor as entitled to his Note free from any equity, set‑off or counterclaim on the part of the Issuer or the Guarantor against the original or any intermediate holder of such Note. |

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**FORM OF GUARANTEE**

**GUARANTEE OF AUTOLIV ASP, INC.**

**THIS GUARANTEE** is given on 11 April 2019 by Autoliv ASP, Inc. (the **Guarantor**).

**WHEREAS**:

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| (A) | The Guarantor has agreed to guarantee the obligations of Autoliv, Inc. (the **Issuer**) under (i) the Notes to be issued by the Issuer pursuant to an Agency Agreement (as amended, supplemented and/or restated from time to time, the **Agency Agreement**) dated 11 April 2019 between the Issuer, the Guarantor, HSBC Bank plc as Fiscal Agent (the **Fiscal Agent**) and the other agents named therein and (ii) the Deed of Covenant executed by the Issuer on 11 April 2019 in respect of the Notes (as amended, supplemented and/or restated from time to time, the **Deed of Covenant**). |
| (B) | Terms defined in the Conditions of the Notes (the **Conditions**), the Agency Agreement and the Deed of Covenant and not otherwise defined in this Guarantee shall have the same meaning when used in this Guarantee. |

**NOW THIS DEED WITNESSES AS FOLLOWS**:

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| 1. | The Guarantor as primary obligor unconditionally and irrevocably: | | |
|  | (a) | guarantees to (i) each holder from time to time of the Notes and (ii) each Relevant Account Holder (as defined in the Deed of Covenant), by way of continuing guarantee the due and punctual payment of all amounts payable by the Issuer on or in respect of the Notes (including any premium or additional amounts which may become payable under Condition 8 (*Taxation*)) and the Deed of Covenant as and when the same shall become due according to the Conditions and the Deed of Covenant; and | |
|  | (b) | agrees that, if and each time that the Issuer fails to make any payments as and when the same become due, the Guarantor will on demand (without requiring the relevant Noteholder or Relevant Account Holder first to take steps against the Issuer or any other person) pay to the relevant Noteholder, or as the case may be, the Relevant Account Holder the amounts (as to which the certificate of the relevant Noteholder, or as the case may be, the Relevant Account Holder shall in the absence of manifest error be conclusive) in the currency in which the amounts are payable by the Issuer under the Notes or the Deed of Covenant. | |
| 2. | If any sum which, although expressed to be payable by the Issuer under the Notes or the Deed of Covenant is for any reason (whether or not now existing and whether or not now known or becoming known to the Issuer, the Guarantor or any relevant Noteholder and/or Relevant Account Holder) not recoverable from the Guarantor on the basis of a guarantee then (a) it will nevertheless be recoverable from it as if it were the sole principal debtor and will be paid by it to the relevant Noteholder and/or Relevant Account Holder on demand, and (b) as a separate and additional liability under this Guarantee the Guarantor agrees, as a primary obligation, to indemnify each relevant Noteholder and each Relevant Account Holder in respect of such sum by way of a full indemnity in the manner and currency as is provided for in the Notes and the Deed of Covenant, and to indemnify each relevant Noteholder and each Relevant Account Holder against all losses, claims, costs, charges and expenses to which it may be subject or which it may incur in recovering such sum. | | |
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| 3. | If any payment received by any relevant Noteholder or Relevant Account Holder pursuant to the provisions of the Notes or the Deed of Covenant shall (whether on the subsequent bankruptcy, insolvency or corporate reorganisation of the Issuer or, without limitation, on any other event) be avoided or set aside for any reason, such payment shall not be considered as discharging or diminishing the liability of the Guarantor and this Guarantee shall continue to apply as if such payment had at all times remained owing by the Issuer and the Guarantor shall indemnify the relevant Noteholders and/or Relevant Account Holders (as the case may be) in respect thereof provided that the obligations of the Issuer and/or the Guarantor under this clause 3 shall, as regards each payment made to any relevant Noteholder or Relevant Account Holder which is avoided or set aside, be contingent upon such payment being reimbursed to the Issuer or other persons entitled through the Issuer. | | |
| 4. | All payments by the Guarantor under this Guarantee shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed or levied by or on behalf of the any Relevant Jurisdiction (as defined in Condition 8 (*Taxation*)), unless the withholding or deduction of the Taxes is required by law.  In that event, the Guarantor will pay such additional amounts as may be necessary in order that the net amounts received by the holders of the Notes and the Relevant Account Holders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes or the Deed of Covenant in the absence of the withholding or deduction; except that no additional amounts shall be payable with respect to any payment in respect of any Note: | | |
|  | (a) | the holder or Relevant Account Holder of which is liable for such Taxes in respect of such Note by reason of having some connection with the Relevant Jurisdiction other than by reason of being a holder or Relevant Account Holder; or | |
|  | (b) | presented for payment in the United States; or | |
|  | (c) | presented for payment by or on behalf of a holder or Relevant Account Holder who would have been able to avoid such withholding or deduction by satisfying any statutory or procedural requirements (including, without limitation, the provision of information or a Internal Revenue Service Form W-8 or Form or W-9 (or a successor form)); or | |
|  | (d) | presented for payment more than 30 days after the Relevant Date (as defined in Condition 8 (*Taxation*)) except to the extent that a holder or Relevant Account Holder would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6 (*Payments*)). | |
| 5. | The obligations of the Guarantor under this Guarantee shall not be affected by any matter or thing which but for this provision might operate to affect the obligations including, without limitation: | | |
|  | (a) | any time or indulgence granted to or composition with the Issuer or any other person; | |
|  | (b) | the taking, variation, renewal or release of remedies or securities against the Issuer or any other person; or | |
|  | (c) | any unenforceability, invalidity or irregularity. | |
| 6. | Where any discharge (whether in respect of the obligations of the Issuer or any security for the obligations of the Issuer or otherwise) is made in whole or in part or any arrangement is made on the faith of any payment, security or other disposition which is avoided or must be repaid on bankruptcy, liquidation or otherwise without limitation, the liability of the Guarantor under this Guarantee shall continue as if there had been no discharge or arrangement.  The holder of any Note or a Relevant | | |
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|  | Account Holder, acting in good faith, shall be entitled to concede or compromise any claim that any payment, security or other disposition is liable to avoidance or repayment. | | |
| 7. | The Guarantor will not, and the Guarantor will procure that none of its Subsidiaries (as defined in Condition 4) will, create or have outstanding any mortgage, charge, lien, pledge or other security interest (each a **Security Interest)** upon, or with respect to, any of its or their present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness (as defined in Condition 4), unless the Guarantor, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that (a) all amounts payable by it under this Guarantee are secured by the Security Interest equally and rateably with the Relevant Indebtedness; or (b) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) shall be provided as is approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders; provided that, the foregoing provisions shall not apply to any Security Interest (i) arising by operation of law or (ii) created by an entity which becomes a Subsidiary after the date of creation of such Security Interest where the Security Interest was not created in connection with or in contemplation of such entity becoming a Subsidiary and does not extend to or cover any undertaking, assets or revenues (including any uncalled capital) of the Guarantor or any of its Subsidiaries. | | |
| 8. | The Guarantor represents and warrants that: | | |
|  | (a) | the obligations of the Guarantor under this Guarantee constitute the direct, unconditional and (subject to the provisions of clause 7) unsecured obligations of the Guarantor and (subject as provided above) rank and will rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights; and | |
|  | (b) | all necessary governmental consents and authorisations for the giving and implementation of this Guarantee have been obtained. | |
| 9. | Until all amounts which may be or become payable under the Notes and the Deed of Covenant have been irrevocably paid in full, the Guarantor shall not by virtue of this Guarantee be subrogated to any rights of any holder of any Note or any Relevant Account Holder or claim in competition with such holders against the Issuer. | | |
| 10. | This Guarantee shall enure for the benefit of the Noteholders and the Relevant Account Holders and shall be deposited with and held by the Fiscal Agent. | | |
| 11. | If any provision in or obligation under this Guarantee is or becomes invalid, illegal or unenforceable in any respect under the law of any jurisdiction, that will not affect or impair (i) the validity, legality or enforceability under the law of that jurisdiction of any other provision in or obligation under this Guarantee, or (ii) the validity, legality or enforceability under the law of any other jurisdiction of that or any other provision in or obligation under this Guarantee. | | |
| 12. | This Guarantee and any non-contractual obligations arising out of or in connection with it are governed by, and construed in accordance with, English law. | | |
| 13. | | (a)Subject to subparagraph (c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with this Guarantee, including any dispute as to its existence, validity, interpretation, performance, breach or termination or the consequences of its nullity and any dispute relating to any non-contractual obligations arising out of or in connection with it (a **Dispute**) and each of the Guarantor and any | | |
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|  | | Noteholders or Relevant Account Holders in relation to any Dispute submits to the exclusive jurisdiction of the English courts. | |
|  | (a) | | For the purposes of subparagraphs (a) and (c), the Guarantor waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute. |
|  | (b) | | To the extent allowed by law, the Noteholders and the Relevant Account Holders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction and (ii) concurrent proceedings in any number of jurisdictions. |
|  | (c) | | The Guarantor irrevocably appoints Airbags International Limited at Viking Way, Congelton, Chesire, CW12 1TT as its agent under this Guarantee for service of process in any proceedings before the English courts in relation to any Dispute and agrees that in the event of Airbags International Limited being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute.  The Guarantor agrees that failure by a process agent to notify it of any process will not invalidate service.  Nothing in this sub-paragraph shall affect the right to serve process in any other manner permitted by law. |

**IN WITNESS** whereof this Guarantee has been executed as a deed poll by the Guarantor.

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| Executed as a deed by AUTOLIV ASP, INC. | ) |  |
| acting by …………………………….. | )  ) | …………………………….. |
| and …………………………….. | ) | Director |
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|  |  | …………………………….. |
|  |  | Director/Secretary |
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**ADDITIONAL DUTIES OF THE FISCAL AGENT AND THE REGISTRAR**

In relation to each Series of Notes that are held under the NSS, each of the Fiscal Agent and the Registrar will comply with the following provisions:

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| 1. | The Fiscal Agent or the Registrar, as the case may be, will inform each of Euroclear and Clearstream, Luxembourg (the **ICSDs**), through the common service provider appointed by the ICSDs to service the Notes (the **CSP**), of the initial issue outstanding amount (**IOA**) for each Tranche on or prior to the relevant Issue Date. |
| 2. | If any event occurs that requires a mark up or mark down of the records which an ICSD holds for its customers to reflect such customers' interest in the Notes, the Fiscal Agent and the Registrar will (to the extent known to it) promptly provide details of the amount of such mark up or mark down, together with a description of the event that requires it, to the ICSDs (through the **CSP)** to ensure that records of the ICSDs reflecting the IOA remains at all times accurate. |
| 3. | The Fiscal Agent and the Registrar will at least once every month perform a reconciliation process with the ICSDs (through the CSP) with respect to the IOA for the Notes and will promptly inform the ICSDs (through the CSP) of any discrepancies. |
| 4. | The Fiscal Agent and the Registrar will promptly assist the ICSDs (through the CSP) in resolving any discrepancy identified in the records of the ICSDs reflecting the IOA. |
| 5. | The Fiscal Agent and the Registrar will promptly provide to the ICSDs (through the CSP) details of all amounts paid by it under the Notes (or, where the Notes provide for delivery of assets other than cash, of the assets so delivered). |
| 6. | The Fiscal Agent and the Registrar will (to the extent known to it) promptly provide to the ICSDs (through the CSP) notice of any changes to the Notes that will affect the amount of, or date for, any payment due under the Notes. |
| 7. | The Fiscal Agent and the Registrar will (to the extent known to it) promptly provide to the ICSDs (through the CSP) copies of all information that is given to the holders of the Notes. |
| 8. | The Fiscal Agent and the Registrar will promptly pass on to the Issuer all communications it receives from the ICSDs directly or through the CSP relating to the Notes. |
| 9. | The Fiscal Agent and the Registrar will (to the extent known to it) promptly notify the ICSDs (through the CSP) of any failure by the Issuer to make any payment or delivery due under the Notes when due. |

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**SIGNATORIES**

This Agreement has been entered into on the date stated at the beginning of this Agreement.

**The Issuer**

**Autoliv, Inc.**

By:

**The Guarantor**

**Autoliv ASP, Inc.**

By:

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|  | | |
|  | *Signature Page to the Agency Agreement* |  |

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**The** **Fiscal** **Agent** **and the Paying Agent**

**HSBC Bank plc**

By:

**The Registrar and the Transfer Agent**

**HSBC Bank plc**

By:

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|  | *Signature Page to the Agency Agreement* |  |

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| Exhibit 10.1 |

**Amendment No. 2**

**Employment Agreement**

**March 9, 2021**

This Amendment No. 2 is made to the employment agreement by and between Autoliv Inc., a Delaware corporation (the “Company”), and Jordi Lombarte (the “Executive”), that was made and entered into on March 21, 2018 as previously amended by Amendment No. 1 dated July 1, 2021 (the “Agreement”).

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|  | 1. | Section 2 of the Agreement is amended and replaced with the following: |

*Employment. The Executive is hereby employed on the Effective Date as the Chief Technology Officer of the Company. In this capacity, the Executive shall have the duties, responsibilities and authority commensurate with such position as shall be assigned to him by the Chief Executive Officer and President of Autoliv Inc. (the “Chief Executive Officer”).*

*The principal workplace for the Executive shall be Auburn Hills, Michigan USA.*

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|  | 2. | The parties expressly agree that the amendment above does not constitute a Good Reason, as defined in Article 10(c)(iii) of the Agreement, upon signing this Amendment No. 2 to the Agreement. |

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|  | 3. | All other terms and conditions of the Agreement remains unchanged and in full effect. |

IN WITNESS WHEREOF this Amendment No. 2 has been executed the day and year first above written.

**AUTOLIV INC.EXECUTIVE:**

…………………………………………………

Per EricsonJordi Lombarte

EVP Human Resources and Sustainability

1(1)

Exhibit 10.2

**EMPLOYMENT AGREEMENT**

THIS EMPLOYMENT AGREEMENT (this “Agreement”) is made and entered into on October 1, 2020 by and between Autoliv Inc., a Delaware corporation (the “Company”), and Colin Naughton, (the “Executive”), to be effective as of the Effective Date, as defined in Section 1. References herein to the “Company” shall, as applicable, be deemed to include the Company’s affiliates.

BACKGROUND

The Company desires to engage the Executive as the President, Autoliv Asia of the Company from and after the Effective Date, in accordance with the terms of this Agreement. The Executive is willing to serve as such in accordance with the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1.Effective Date. The effective date of this Agreement (the “Effective Date”) shall be November 1, 2020.

2.Employment. The Executive is hereby employed on the Effective Date as the President, Autoliv Asia of the Company. In this capacity, the Executive shall have the duties, responsibilities and authority commensurate with such position as shall be assigned to him by the Chief Executive Officer of the Company (the “CEO”). The principal workplace for the Executive shall be Yokohama, Japan. The Company and the Executive shall mutually agree on any change to the Executive’s principle workplace within Autoliv Asia and will record any such agreement by an amendment. The parties expect to first review any change to the principle workplace on the second (2nd) anniversary of the Effective Date.

3.Employment Period. The Company hereby agrees to employ the Executive and the Executive hereby agrees to serve the Company from the Effective Date and thereafter unless and until terminated by the Company or the Executive (the “Employment Period”); *provided*, *however*, that (i) the Company must give the Executive written notice of termination of the Executive’s employment not less than six (6) calendar months prior to such date of termination, and (ii) the Executive must give the Company written notice of termination of his employment not less than six (6) calendar months prior to such date of termination; *provided*, *further*, *however*, that in the event of a termination by the Company for Cause pursuant to Section 10(b) hereof, the 6-month notice requirement provided in clause (i) of the foregoing provision shall not apply and the Executive’s termination of employment shall be effective immediately.

4.Extent of Service. During the Employment Period, the Executive shall use his best efforts to promote the interests of the Company and those of any parent, subsidiary and associated company of the Company, and shall devote his full time and attention during normal business hours to the business and affairs of the Company and any parent, subsidiary and associated company. In addition, the Executive shall devote as much time outside normal business hours to the performance of his duties as may in the interests of the Company be reasonably necessary;

*provided*, *however*, that the Executive shall not receive any remuneration in addition to that set out in Section 5 hereof in respect of his work during such time. During the Employment Period, the Executive shall not, without the consent of the CEO, directly or indirectly, either alone or jointly with or as a director, manager, agent or servant of any other person, firm or company, be engaged, concerned or interested in any business in a manner that would conflict with the Executive’s duties under this Section 4 (including holding any shares, loan, stock or any other ownership interest in any competitor of the Company), *provided* that nothing in this Section 4 shall preclude the Executive from holding shares, loan, stock or any other ownership interest as an investment in an entity that is not a competitor, customer, or supplier of the Company.

5.Compensation and Benefits.

(a)Base Salary. During the Employment Period, the Executive shall receive a gross salary at the rate of JPY 50,000,000 per year (“Base Salary”), less normal withholdings, payable in equal monthly or other installments as are or become customary under the Company’s payroll practices for its employees from time to time. The Leadership Development and Compensation Committee of the Board of Directors of the Company (the “Compensation Committee”) shall review the Executive’s Base Salary annually during the Employment Period, and the first review will be conducted in 2022. Any adjustments to the Executive’s annual base salary approved by the Compensation Committee shall become the Executive’s Base Salary for purposes of this Agreement.

(b)Bonus. During the Employment Period, the Executive shall be eligible to participate in the Company’s bonus plan for executive officers, if any, pursuant to which he will have an opportunity to receive an annual bonus based upon the achievement of performance goals established from year to year by the Compensation Committee (such bonus earned at the stated “target” level of achievement being referred to herein as the “Target Bonus”). Until otherwise changed by the Compensation Committee, the Executive’s Target Bonus shall be forty-five percent (45%) of his Base Salary.

(c)Equity Incentive Compensation. During the Employment Period, the Executive shall be eligible for equity grants under the Autoliv, Inc. Amended and Restated 1997 Stock Incentive Plan or any successor plan or plans, having such terms and conditions as awards to other peer executives of the Company, as determined by the Compensation Committee in its sole discretion, unless the Executive consents to a different type of award or different terms of such award than are applicable to other peer executives of the Company. Nothing herein requires the Compensation Committee to grant the Executive equity awards or other long-term incentive awards in any year.

(d)Temporary Housing. For a maximum period of two (2) years following the Executive’s relocation to Japan, he shall be eligible for a housing benefit at a maximum cost of 1,400,000 JPY per month, including costs for utilities such as heating and electricity. The final date for the housing benefit shall not be later than December 31, 2022. The rental lease shall be entered between the Company and the property owner. The Company will cover income taxes levied on the housing benefit.

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(e)Automobile. The Company shall provide the Executive with a company car. The Executive shall be liable for the payment of any tax due on such car benefit.

(f)Temporary Medical Benefits. For a period of two (2) years following the Effective Date, the Executive and accompanying family members shall be eligible for participation in the Autoliv Group Expatriate Medical Plan, a private health insurance plan. The Company will cover income taxes levied on such medical benefits.

(g)Expenses. The Executive shall be entitled to receive payment or reimbursement for all reasonable traveling, hotel and other expenses incurred by him in the performance of his duties under this Agreement, in accordance with the policies, practices and procedures of the Company as in effect from time to time. The Executive shall provide the Company with receipts, vouchers or other evidence of actual payment of the expenses to be reimbursed, as requested by the Company.

(h)Conditions of Employment. Normal conditions of employment as issued by the Company apply to the receipt of benefits under this Section 5.

6.Vacation Days. The Executive shall be entitled to yearly vacation days amounting to twenty-five (25) days annually.

7.Retirement Plans and Benefits. During the Employment Period, the Executive shall be eligible to participate in Autoliv Japan’s retirement allowance practice applicable to certain employees. The amount of the retirement allowance will be calculated as 20% of the base salary. The Executive shall not be covered by Autoliv Japan’s defined contribution pension plan.

8.Business or Trade Information. The Executive shall not during or after the termination of his employment hereunder disclose to any person, firm of company whatsoever or use for his own purpose or for any purposes other than those of the Company any information relating to the Company (including any parent, subsidiary or associated company of the Company) or its business or trade secrets of which he has or shall hereafter become possessed. These restrictions shall cease to apply to any information which may come into the public domain (other than by breach of the provisions hereof). In the event that the Executive does not comply with this Section 8, the Company shall be entitled to damages equal to six (6) times the sum of the average monthly Base Salary (as defined in Section 5(d) hereof) that the Executive received during the preceding twelve (12) months, if the Executive continues to be employed, or during the last twelve (12) months prior to his Date of Termination, if the Executive’s employment has terminated; *provided*, *however*, that nothing in this Section 8 shall preclude the Company from pursuing arbitration in accordance with Section 16 herein and seeking additional damages from the Executive in the event that the Company is able to demonstrate to the arbitrators that the value of the damages incurred by the Company due to the Executive’s violation of this Section 8 exceed the aggregate value of the damages paid by the Executive to the Company pursuant to the foregoing provision.

Anything herein to the contrary notwithstanding, Executive shall not be restricted from: (a) disclosing information that is required to be disclosed by law, court order or other valid and appropriate legal process; provided*,* however, that in the event such disclosure is required by law,

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the Executive shall provide the Company with prompt notice of such requirement so that the Company may seek an appropriate protective order prior to any such required disclosure by the Executive; or (b) reporting possible violations of federal, state, or local law or regulation to any governmental agency or entity, or from making other disclosures that are protected under the whistleblower provisions of federal, state, or local law or regulation, and the Executive shall not need the prior authorization of the Company to make any such reports or disclosures and shall not be required to notify the Company that the Executive has made such reports or disclosures. In addition, and anything herein to the contrary notwithstanding, the Executive is hereby given notice that Executive shall not be criminally or civilly liable under any federal or state trade secret law for: (c) disclosing a trade secret (as defined by 18 U.S.C. § 1839) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, in either event solely for the purpose of reporting or investigating a suspected violation of law; or (d) disclosing a trade secret (as defined by 18 U.S.C. § 1839) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

9.Company Property. The Executive shall upon the termination of his employment hereunder for whatever reason immediately deliver to the Company all designs, specifications, correspondence and other documents, papers, the car provided hereunder and all other property belonging to the Company or any of its affiliated companies or which may have been prepared by him or have come into his possession in the course of his employment.

10.Termination of Employment.

(a)Death; Retirement. The Executive’s employment shall terminate automatically upon his death or Retirement. For purposes of this Agreement, “Retirement” means the Executive’s voluntary resignation (i.e., other than for Good Reason) at any time following the Executive’s 65th birthday (“Retirement”).

(b)Termination by the Company. The Company may terminate the Executive’s employment during the Employment Period with or without Cause. “Cause” for termination by the Company of the Executive’s employment shall mean (i) willful and continued failure by the Executive to substantially perform the Executive’s duties with the Company (other than any such failure resulting from the Executive’s incapacity due to physical or mental illness) after a written demand for substantial performance is delivered to the Executive by the Board of Directors of the Company (the “Board”), which demand specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive’s duties, or (ii) the willful engaging by the Executive in conduct which is demonstrably and materially injurious to the Company, monetarily or otherwise. For purposes of clauses (i) and (ii) of this definition, (x) no act, or failure to act, on the Executive’s part shall be deemed “willful” unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive’s act, or failure to act, was in the best interest of the Company and (y) in the event of a dispute concerning the application of this provision, no claim by the Company that Cause exists shall be given effect unless the Chairman of the Board establishes to the Board by clear and convincing evidence that Cause exists, subject to Section 10(f) hereof.

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(c)Termination by the Executive. The Executive may terminate his employment during the Employment Period with Good Reason or without Good Reason. “Good Reason” shall mean the occurrence, without the Executive’s express written consent, of any of the following “Good Reason Events”:

(i)the assignment to the Executive of any duties inconsistent with the Executive’s status as an executive officer of the Company or a substantial adverse alteration in the nature or status of the Executive’s responsibilities from those in effect on the Effective Date other than any such alteration primarily attributable to the fact that the Company may no longer be a public company;

(ii)a reduction by the Company in the Executive’s annual base salary as in effect on the Effective Date or as the same may be increased from time to time;

(iii)the relocation of the Executive’s principal place of employment to a location more than 30 miles from the Executive’s principal place of employment on the Effective Date or the Company’s requiring the Executive to be based anywhere other than such principal place of employment (or permitted relocation thereof) except for required travel on the Company’s business to an extent substantially consistent with the Executive’s present business travel obligations;

(iv)the failure by the Company to pay to the Executive any portion of the Executive’s current compensation within twenty-one (21) days of the date such compensation is due;

(v)the failure by the Company to continue in effect any compensation plan in which the Executive participates on the Effective Date which is material to the Executive’s total compensation, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or the failure by the Company to continue the Executive’s participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount or timing of payment of benefits provided and the level of the Executive’s participation relative to other participants, as existed on the Effective Date; or

(vi)the failure by any successor to the business of the Company (whether direct or indirect, by purchase, merger, consolidation or otherwise) to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

A termination by the Executive shall not constitute termination for Good Reason unless the Executive shall first have delivered to the Company written notice setting forth with specificity the occurrence deemed to give rise to a right to terminate for Good Reason (which notice must be given no later than 90 days after the initial occurrence of such event), and there shall have passed a reasonable time (not less than 30 days) within which the Company may take action to correct, rescind or otherwise substantially reverse the occurrence supporting termination for Good Reason as identified by the Executive. The Executive’s termination for Good Reason must occur within a period of 160 days after the

- 5 -

occurrence of an event of Good Reason. The Executive’s right to terminate employment for Good Reason shall not be affected by the Executive’s incapacity due to physical or mental illness. The Executive’s continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder. Good Reason shall not include the Executive’s death.

(d)Notice of Termination. Any termination by the Company or the Executive of the Executive’s employment (other than by reason of death) shall be communicated by written Notice of Termination from one party hereto to the other party hereto. For purposes of this Agreement, a “Notice of Termination” shall mean a written notice which shall (i) indicate the specific termination provision in this Agreement relied upon, (ii) set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive’s employment under the provision so indicated, and (iii) specifies the termination date. Further, a Notice of Termination for Cause is required to include a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters (3/4) of the entire membership of the Board at a meeting of the Board which was called and held for the purpose of considering such termination (after reasonable notice to the Executive and an opportunity for the Executive, together with the Executive’s counsel, to be heard before the Board) finding that, in the good faith opinion of the Board, the Executive was guilty of conduct set forth in clause (i) or (ii) of the definition of Cause herein, and specifying the particulars thereof in detail. The failure by the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Cause shall not waive any right of the Company hereunder or preclude the Company from asserting such fact or circumstance in enforcing the Company’s rights hereunder.

(e)Date of Termination. “Date of Termination” means (i) if the Executive’s employment is terminated other than by reason of death or Retirement, the end of the notice period specified in Section 3 hereof (if applicable), or (ii) if the Executive’s employment is terminated by reason of death, the Date of Termination shall be the date of death of the Executive, or (iii) if the Executive’s employment is terminated by reason of Retirement, the Date of Termination shall be the date of Retirement.

(f)Dispute Concerning Termination. Any disputes regarding the termination of the Executive’s employment shall be settled in accordance with Section 16 hereof (including, without limitation, the provisions regarding costs and expenses related to arbitration). If within fifteen (15) days after any Notice of Termination is given, or, if later, prior to the Date of Termination (as determined without regard to this Section 10(f)), the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the Date of Termination shall be extended until the date on which the dispute is finally resolved, either by mutual written agreement of the parties or by a final judgment, order or decree of the arbitrators (which is not appealable or with respect to which the time for appeal there from has expired and no appeal has been perfected); *provided*, *however*, that the Date of Termination shall be extended by a notice of dispute given by the Executive only if such notice is given in good faith and the Executive pursues the resolution of such dispute with reasonable diligence.

(g)Compensation During Dispute. If the Date of Termination is extended in accordance with Section 10(f) hereof, the Company shall continue to provide the Executive with the compensation and benefits specified in Section 5 hereof until the Date of Termination, as

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determined in accordance with Section 10(f) hereof. Amounts paid under this Section 10(g) are in addition to all other amounts due under this Agreement and shall not be offset against or reduce any other amounts due under this Agreement; *provided, however*, that in the event that the arbitration results in a determination that the Executive is not entitled to the severance payments set forth in Section 11(a) hereof, then the Executive shall be obligated to promptly repay to the Company the compensation received by the Executive during the extended period pursuant to this Section 10(g).

11.Obligations of the Company Upon Termination of Employment.

(a)Termination by the Company Other Than for Cause; Termination by the Executive for Good Reason. If, during the Employment Period, the Company shall terminate the Executive’s employment other than for Cause, or the Executive shall terminate employment for Good Reason, then, and only if within forty-five (45) days after the Date of Termination the Executive shall have executed a separation agreement containing a full general release of claims and covenant not to sue, in the form provided by the Company, and such separation agreement shall not have been revoked within such time period, within sixty (60) days after the Date of Termination (or such later date as may be required pursuant to Section 20(c) herein), the Company shall pay to the Executive a lump sum severance payment, in cash, equal to one and a half times (1.5x) the sum of the Executive’s Base Salary (as defined in Section 5(a) hereof) as in effect immediately prior to the Date of Termination.

(b)Death. If the Executive’s employment is terminated by reason of the Executive’s death during the Employment Period, this Agreement shall terminate without further obligations to the Executive or the Executive’s legal representatives under this Agreement, other than such death benefits he or they would otherwise be entitled to receive under any plan, program, policy or practice or contract or agreement of the Company or its affiliated companies.

(c)Retirement. If the Executive’s employment is terminated in connection with his Retirement during the Employment Period, this Agreement shall terminate without further obligations to the Executive; *provided*, *however*, that the Executive shall nonetheless be subject to the covenants set forth in Section 13 herein.

(d)Cause; Voluntary Resignation. If the Executive’s employment is terminated by the Company for Cause during the Employment Period, or the Executive voluntarily resigns his employment without Good Reason, this Agreement shall terminate without further obligations to the Executive; *provided*, *however*, that the Executive shall nonetheless be subject to the covenants set forth in Section 13 herein.

12.Non-Duplication of Benefits. Notwithstanding anything to contrary in this Agreement, the aggregate of any amounts payable to the Executive by the Company pursuant to Section 5 (including any compensation and benefits paid pursuant to such section during any applicable termination notice period pursuant to Section 3), Section 10(g) or Section 11 herein shall be offset and reduced to the extent necessary by any other compensation or benefits of the same or similar type, including those payable under local laws of any relevant jurisdiction, so that such other compensation or benefits, if any, do not augment the aggregate of any amounts payable to the Executive by the Company pursuant to Section 5 (including any compensation and benefits

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paid pursuant to such section during any applicable termination notice period pursuant to Section 3), Section 10(g) or Section 11 herein. It is intended that this Agreement not duplicate compensation or benefits the Executive is entitled to under country “redundancy” laws, the Company’s severance policy, if any, any related or similar policies, or any other contracts, agreements or arrangements between the Executive and the Company.

13.Non-Competition Covenant; Payment for Non-Competition Covenant.

(a)Except as provided in Section 13(b), during the twelve (12) months immediately following the termination of his employment with the Company, the Executive shall not (i) accept employment with a competitor of the Company in a capacity in which such competitor can make use of the confidential information relating to the Company that the Executive has obtained in his employment with the Company, (ii) engage as a partner or owner in such competitor of the Company, nor (iii) act as an advisor to such competitor (the “Non-Competition Covenant”).

(b)The Non-Competition Covenant shall not apply:

(i)in the event the Executive’s employment is terminated by the Company other than for Cause; or

(ii)in the event the Executive resigns for Good Reason; or

(c)If the Executive does not comply with the Non-Competition Covenant when applicable, then (i) the Executive shall not be entitled to any benefits pursuant to Section 13(d) below during the period in which the Executive is not in compliance with such Non-Competition Covenant, and (ii) the Company shall be entitled to damages equal to six (6) times the sum of the average monthly Base Salary that the Executive received during the last twelve (12) months prior to the Date of Termination.

(d)If the Non-Competition Covenant becomes operative, then the Company shall pay to the Executive, as compensation for the inconvenience of such Non-Competition Covenant, up to twelve (12) monthly payments equal to the Executive’s monthly Base Salary (as defined in Section 5(d) hereof) as in effect on the Date of Termination, less the monthly salary earned during such month by the Executive in a subsequent employment, if any; *provided*, *however*, that the aggregate monthly payments from the Company pursuant to this Section 13(d) shall not exceed sixty percent (60%) of the sum of the Executive’s annual Base Salary (as defined in Section 5(d) hereof) as in effect on the Date of Termination, and once the 60% aggregate amount has been paid, no further payments will be made under this Section 13(d). As a condition to the receipt of such payments, the Executive must inform the Company of his base salary in his new employment on a monthly basis. No payments shall be made under this Section 13 if the Executive’s employment is terminated in connection with his Retirement or if the situation described in Section 13(b)(iii) occurs.

(e)The Company may unilaterally waive the Non-Competition Covenant in its sole discretion. If the Company waives the Non-Competition Covenant, then the Executive shall not be entitled to any payments pursuant to Section 13(d).

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14.Inventions.

(a)The general nature of any discovery, invention, secret process or improvement made or discovered by the Executive during the period of the Executive’s employment by the Company (hereinafter called “the Executive’s Inventions”) shall be notified by the Executive to the Company forthwith upon it being made or discovered.

(b)The entitlement as between the Company and the Executive to the Executive’s Inventions shall be determined in accordance with the current Act (1949:345) on the Right to Inventions made by Employees and the Executive acknowledges that because of the nature of his duties and the particular responsibilities arising therefrom he has a special obligation to further the interests of the Company’s undertaking.

(c)Where the Executive’s Inventions are to be assigned to the Company, the Executive shall make a full disclosure of the same to the Company and if and whenever required to do so shall at the expense of the Company apply, singly or jointly with the Company or other persons as required by the Company, for letters patent or other equivalent protection in the United States, Japan, Sweden and in any other part of the world of the Executive’s Inventions.

15.Entire Agreement. This Agreement supersedes the Prior Agreement and any other previous agreements and arrangements whether written, oral or implied between the Company or Autoliv and the Executive relating to the employment of the Executive, without prejudice to any rights accrued to the Company or the Executive prior to the commencement of his employment under this Agreement.

16.Disputes. Disputes regarding this Agreement (including, without limitation, disputes regarding the existence of Cause or Good Reason) shall be settled by arbitration in accordance with the American Arbitration Association rules and procedures. The arbitration shall take place in Detroit and, unless otherwise agreed to by both parties, there shall be three (3) arbitrators. All costs and expenses for the arbitration, whether initiated by the Company or by the Executive, including the Executive’s costs for solicitor, shall be borne by the Company, unless the arbitrators determine the Executive’s claim(s) to be frivolous and in bad faith, in which case the arbitrators may allocate costs as they deem fit. Any payments due to the Executive pursuant to the preceding sentence shall be made within fifteen (15) business days after delivery of the Executive’s written request for payment accompanied with such evidence of costs and expenses incurred as the Company reasonably may require.

17.Governing Law. This Agreement shall be governed by and construed in accordance with Michigan law and, where applicable, the laws of any applicable local jurisdictions.

18.Amendment. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Executive and such officer as may be specifically designated by the Board.

19.Notices. All notices and other communications hereunder shall be in writing and shall be given by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

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|  |  |  |
| If to the Executive: |  | Colin Naughton |
|  |  | [Address removed] |
|  |  |  |
|  |  |  |
|  |  |  |
| If to the Company: |  | Autoliv Inc. |
|  |  | WTC, Klarabergsviadukten 70, |
|  |  | 111 64 Stockholm, Sweden |
|  |  | Attention: Secretary |

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

20.U.S. Tax Code Section 409A. This Section 20 shall apply only in the event that the Executive is or becomes a taxpayer under the laws of the United States at any time during the Employment Period.

(a)General. This Agreement shall be interpreted and administered in a manner so that any amount or benefit payable hereunder shall be paid or provided in a manner that is either exempt from or compliant with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”) and applicable Internal Revenue Service guidance and Treasury Regulations issued thereunder. Nevertheless, the tax treatment of the benefits provided under the Agreement is not warranted or guaranteed. Neither the Company nor its directors, officers, employees or advisers shall be held liable for any taxes, interest, penalties or other monetary amounts owed by the Executive as a result of the application of Section 409A of the Code.

(b)Definitional Restrictions. Notwithstanding anything in this Agreement to the contrary, to the extent that any amount or benefit that would constitute non-exempt “deferred compensation” for purposes of Section 409A of the Code (“Non-Exempt Deferred Compensation”) would otherwise be payable or distributable hereunder, or a different form of payment of such Non-Exempt Deferred Compensation would be effected, by reason of the Executive’s termination of employment, such Non-Exempt Deferred Compensation will not be payable or distributable to the Executive, and/or such different form of payment will not be effected, by reason of such circumstance unless the circumstances giving rise to such termination of employment, as the case may be, meet any description or definition of “separation from service,” as the case may be, in Section 409A of the Code and applicable regulations (without giving effect to any elective provisions that may be available under such definition). This provision does not prohibit the vesting of any Non-Exempt Deferred Compensation upon a or termination of employment, however defined. If this provision prevents the payment or distribution of any Non-Exempt Deferred Compensation, such payment or distribution shall be made on the date, if any, on which an event occurs that constitutes a Section 409A-compliant “separation from service,” as the case may be, or such later date as may be required by subsection (c) below. If this provision prevents the application of a different form of payment of any amount or benefit, such payment shall be made in the same form as would have applied absent such designated event or circumstance.

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(c)Six-Month Delay in Certain Circumstances. Notwithstanding anything in this Agreement to the contrary, if any amount or benefit that would constitute Non-Exempt Deferred Compensation would otherwise be payable or distributable under this Agreement by reason of the Executive’s separation from service during a period in which he is a “specified employee” (as defined in Code Section 409A and the final regulations thereunder), then, subject to any permissible acceleration of payment by the Company under Treas. Reg. Section 1.409A‑3(j)(4)(ii) (domestic relations order), (j)(4)(iii) (conflicts of interest), or (j)(4)(vi) (payment of employment taxes), (i) the amount of such Non-Exempt Deferred Compensation that would otherwise be payable during the six-month period immediately following the Executive’s separation from service will be accumulated through and paid or provided on the first day of the seventh month following the Executive’s separation from service (or, if the Executive dies during such period, within thirty (30) days after the Executive’s death) (in either case, the “Required Delay Period”); and (ii) the normal payment or distribution schedule for any remaining payments or distributions will resume at the end of the Required Delay Period.

(d)Treatment of Installment Payments. Each payment of termination benefits under this Agreement shall be considered a separate payment, as described in Treas. Reg. Section 1.409A‑2(b)(2), for purposes of Section 409A of the Code.

(e)Timing of Release of Claims. Whenever in this Agreement a payment or benefit is conditioned on the Executive’s execution and non-revocation of a release of claims, such as the separation agreement referenced in Section 11(a) hereof, such release must be executed and all revocation periods shall have expired within 60 days after the Date of Termination; failing which such payment or benefit shall be forfeited. If such payment or benefit constitutes Non-Exempt Deferred Compensation, then, subject to subsection (c) above, such payment or benefit (including any installment payments) that would have otherwise been payable during such 60-day period shall be accumulated and paid on the 60th day after the Date of Termination provided such release shall have been executed and such revocation periods shall have expired. If such payment or benefit is exempt from Section 409A of the Code, the Company may elect to make or commence payment at any time during such 60-day period.

(f)Timing of Reimbursements and In-kind Benefits. If the Executive is entitled to be paid or reimbursed for any taxable expenses under this Agreement and if such payments or reimbursements are includible in the Executive’s federal gross taxable income, the amount of such expenses payable or reimbursable in any one calendar year shall not affect the amount payable or reimbursable in any other calendar year, and the reimbursement of an eligible expense must be made no later than December 31 of the year after the year in which the expense was incurred. The right to any reimbursement for expenses incurred or provision of in-kind benefits is limited to the lifetime of the Executive, or such shorter period of time as is provided with respect to each particular right to reimbursement in-kind benefits pursuant to the preceding provisions of this Agreement. No right of the Executive to reimbursement of expenses under this Agreement shall be subject to liquidation or exchange for another benefit.

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IN WITNESS whereof this Agreement has been executed the day and year first above written.

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| Colin Naughton |

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|  |
| Per Ericson |
| EVP Human Resources and Sustainability |

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Exhibit 10.3

**2021 RESTRICTED STOCK UNITS GRANT AGREEMENT**

***Applicable to Restricted Stock Units promised under the Autoliv, Inc., 1997 Stock Incentive Plan***

***(as amended and restated)***

Your above-described grant of restricted stock units (“RSUs”) is subject to the following provisions in addition to those set forth in the attached Notice of Grant (the “Grant Notice”) and the Autoliv, Inc. 1997 Stock Incentive Plan, as amended and restated (“the Plan”):

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| 1. | Defined Terms: |

Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Plan. In addition, for purposes of this Grant Agreement:

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|  | a. | *“Cause”* will have the meaning assigned such term in the employment, severance or similar agreement, if any, between you and Autoliv, Inc. (“the Company”) or one of its subsidiaries; provided, however, that if there is no such employment, severance or similar agreement in which such term is defined, “Cause” shall mean any of the following acts by you, as determined by the Company or one of its subsidiaries, as applicable, in its sole discretion: gross neglect of duty; prolonged absence from duty, as reasonably determined by the Company, without the consent of the Company or one of its subsidiaries, as applicable; your material breach of any published Company code of conduct or code of ethics; or your willful misconduct, misfeasance or malfeasance of duty which is reasonably determined to be detrimental to the Company or one of its subsidiaries. |

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|  | b. | *“Disability”* means your inability, as reasonably determined by the Company, to perform the essential functions of your regular duties and responsibilities, with or without reasonable accommodation, due to a medically determinable physical or mental illness which has lasted (or can reasonably be expected to last) for a period of six (6) consecutive months. |

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|  | c. | *“EMT”* means the Executive Management Team. |

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|  | d. | *“Good Reason”* shall have the meaning (i) assigned such term in the employment, severance or similar agreement, if any, between you and the Company or one of its subsidiaries, or (ii)if there is no such employment, severance or similar agreement in which such term is defined, then “Good Reason” as used herein shall mean a resignation following a Change in Control event for the purpose of Section 5(b) below due to (a) material reduction in salary, or (b) relocation of principal place of business to a location more than thirty kilometers from employment location at the time of the Change in Control. |

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|  | e. | *“Qualifying Retirement”* means your termination of employment with the Company or one of its subsidiaries at or after the earliest date you satisfy the eligibility requirements for retirement under the relevant provisions of national, state, or provincial law in your home country, provided such termination of employment (i) is approved by the Company to be a Qualifying Retirement, or (ii) if you are a member of EMT, is approved as a Qualifying Retirement in advance by the Leadership Development and Compensation Committee. Notwithstanding the foregoing, your termination of employment will not be considered a Qualifying Retirement if (i) the termination occurs within six (6) months following the Grant Date, or (ii) you are terminated for Cause by the Company or one of its subsidiaries. |

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| 2. | Vesting: The RSUs have been credited to a bookkeeping account (“Account”) on your behalf as of the grant date specified in the Grant Notice (the “Grant Date”). Your Account will reflect the number of RSUs awarded to you as set forth in the Grant Notice, as well as any additional RSUs credited as a result of dividend equivalents, as described in Section 9 below.  Each RSU represents an unfunded, unsecured right to receive Common Stock, subject to the terms and conditions stated in the Plan and this Grant Agreement. Your RSUs will vest and become non-forfeitable on the earliest to occur of the following (each, a “Date of Vesting’”): |

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|  | (a) | as to all of the RSUs, on the Date of Vesting specified in the Grant Notice, provided that you are then still employed by the Company or one of its subsidiaries; |

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Exhibit 10.3

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|  | (b) | as to all of the RSUs, upon the termination of your employment by reason of death, Disability or a Qualifying Retirement. |

If your employment terminates for any reason other than as described in (b) above, you will forfeit all right, title and interest in and to the unvested RSUs as of the date of such termination, and the unvested RSUs will be reconveyed to the Company without further consideration or any act or action by you.

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| 3. | Conversion to Shares of Common Stock; Procedure at Date of Vesting: |

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|  | (a) | Unless the RSUs are forfeited prior to the Date of Vesting as provided in Section 2 above, the RSUs will be converted on the Date of Vesting to actual shares of Common Stock.  The shares of Common Stock to be issued pursuant to this Grant Agreement shall be issued in the form of book-entry shares of Common Stock in your name as the beneficial owner as of the Date of Vesting. |

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|  | (b) | You will, if requested, within the specified time set forth in any such request (not to exceed 30 days), deliver to the Company such written representations and undertakings as may, in the opinion of the Company’s legal counsel, be necessary or desirable to comply with tax and securities laws. |

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| 4. | Securities Law Restrictions; Insider Trading Policy: |

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|  | You may not offer, sell or otherwise dispose of any shares of Common Stock in a manner which would violate any applicable laws, including, without limitation, the laws of Sweden, U.S. federal and state securities laws, U.S. federal law, the requirements of any stock exchange or quotation system upon which the Common Stock may then be listed or quoted and any laws of any other country or jurisdiction that may be applicable to you. |

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|  | In connection with receipt of this Grant Agreement, you acknowledge that you are subject to the Company’s AS 314 Insider Trading Policy which may be found on the Company’s intranet at “Functions, Legal” or is available upon request to the Legal department of the Company. |

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| 5. | Change in Control of the Company: |

Notwithstanding any provision herein to the contrary, your RSUs shall be immediately vested in full under the following situations:

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|  | a. | If (i) a Change in Control occurs prior to the Date of Vesting and while you are employed by the Company or one of its subsidiaries, and (ii) the surviving entity is not a public company with shares listed on a public stock exchange, , then as of the effective date of the Change in Control, your RSUs shall be immediately vested in full. |

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|  | b. | If (i) a Change in Control occurs prior to the Date of Vesting and while you are employed by the Company or one of its subsidiaries, (ii) the RSUs are assumed and equitably converted by the surviving entity which is a publicly traded company with shares listed on a public stock exchange, and (iii) within two (2) years after the effective date of the Change in Control your employment is terminated by the Company or one of its subsidiaries without Cause or, if applicable, you resign for Good Reason, then as of your date of termination, your equitably converted RSUs shall immediately vest in full if they have not vested by that date. |

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| 6. | Non-Transferability: |

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|  | Your RSUs are personal to you and shall not be transferable by you otherwise than by will or the laws of descent and distribution. |

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| 7. | Conformity with Plan: |

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|  | Your RSUs are intended to conform in all respects with the Plan, including any future amendments thereto. Inconsistencies between this Grant Agreement and the Plan shall be resolved |

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Exhibit 10.3

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|  | in accordance with the terms of the Plan. All definitions stated in the Plan shall be fully applicable to this Grant Agreement. |

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| 8. | Employment and Successors: |
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|  | Nothing herein or in the Grant Notice or in the Plan confers any right or obligation on you to continue in the employ of the Company or any subsidiary or shall affect in any way your right or the right of the Company or any subsidiary, as the case may be, to terminate your employment at any time. This Grant Agreement, the Grant Notice, and the Plan, including any future amendments thereto, shall be binding upon you, your estate, any person succeeding to your rights hereunder and any successor or successors of the Company.  The RSUs do not confer to you or any person succeeding to your rights hereunder any rights of a shareholder of the Company unless and until shares of Common Stock are in fact issued to you or such person in connection with the settlement of the RSUs. |

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| 9. | Dividend Equivalent Rights: |

Subject to share availability under the Plan, any cash dividend paid with respect to the Common Stock for which the record date occurs on or after the Grant Date and the payment date occurs on or before the Date of Vesting will result in a credit to your Account of additional RSUs equal to (a) the dollar amount of the dividend per share of Common Stock multiplied by the number of RSUs credited to your Account as of the applicable record date, divided by (b) the closing price per share of the Common Stock on the New York Stock Exchange on the applicable dividend payment date. The additional RSUs credited pursuant to this Section 9 will be subject to the same vesting schedule, forfeiture and other terms that apply to the original RSUs. RSUs that, at the relevant dividend payment date, previously have been settled or forfeited will not be eligible to receive dividend equivalents pursuant to this Section 9.

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| 10. | Tax:  You are totally responsible for paying all taxes that you incur in respect of this Grant. The Company has the authority and the right to deduct or withhold, or require you to remit, an amount sufficient to satisfy all applicable taxes required by law to be withheld with respect to any taxable event arising as a result of vesting or settlement of the RSUs.  The withholding requirement may be satisfied, in whole or in part, by withholding from the settlement of the RSUs, shares of Common Stock having a fair market value on the date of withholding equal to the minimum amount (and not any greater amount unless such other withholding rate will not cause an adverse accounting consequence or cost) required to be withheld for tax purposes, all in accordance with such procedures as the Company establishes.  The obligations of the Company hereunder will be conditional on such payment, and the Company will, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to you. |

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| 11. | Governing Law: |

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|  | This Grant Agreement, the Grant Notice, and the Plan shall be construed in accordance with and governed by the laws of the State of Delaware, USA, and, to the extent relevant, the local laws of your home country. |

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Exhibit 10.3

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| 12. | Severability: |

If any one or more of the provisions contained in this Grant Agreement are invalid, illegal or unenforceable, the other provisions of this Grant Agreement will be construed and enforced as if the invalid, illegal or unenforceable provision had never been included.

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| 13. | Recoupment Policy; Agreement to Repayments of Incentive Compensation When Payments Are Required Under Federal Law: |

The Company’s policy regarding “Return of Compensation in Restatement Situations” is incorporated herein these terms. Such policy also may be found on the Company’s intranet at “LifeNet/Functions/Human Resources/HR Standards.” In connection with receipt of this Grant Agreement, you acknowledge that you are subject to such policy. In addition, the RSUs shall be subject to any future compensation recoupment policy that the Company may adopt from time to time, as required by law or otherwise, to the extent applicable.

This provision applies to any policy adopted by the New York Stock Exchange (or any other exchange on which the securities of the Company are listed) pursuant to Section 10D of the Securities Exchange Act of 1934. Section 10D provides for the recovery of incentive-based compensation that has been erroneously paid because of material errors in financial statements of the Company. To the extent such policy requires the repayment of incentive-based compensation received by you, whether paid pursuant to this Grant Agreement or any other plan of incentive-based compensation maintained in the past or adopted in the future by the Company, you agree to the repayment of such amounts to the extent required by such policy.

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| 14. | Executive Stock Ownership Requirements: |

In connection with receipt of this Grant Agreement, you acknowledge that you are subject to the Company’s policy regarding “Stock Ownership Policy for Executives”, if you are a member of the EMT.

15. Fractional Shares

No fractional shares of Common Stock, nor the cash value of any fractional shares of Common Stock will be issuable or payable to you pursuant to this Agreement. On the Date of Vesting, the aggregate number of RSUs shall be rounded down to the nearest whole share.

16.U.S. Taxpayers

Notwithstanding anything in this Agreement to the contrary, this Section 16(a) shall apply only if your RSUs constitute “deferred compensation” under Section 409A of the Internal Revenue Code and the regulations promulgated thereunder (“Section 409A”).

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|  | a. | If Section 5(a) becomes operative and you are a U.S. taxpayer for the taxable year in which the Change in Control occurs, then the Change in Control must meet any definition of “change in control event” in Section 409A (without giving effect to any elective provisions that may be available under such definition). |

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|  | b. | If your RSUs become payable upon your termination of employment pursuant to Section 5(b) hereof (or otherwise) and you are a U.S. taxpayer for the taxable year in which your termination of employment occurs, then (i) the circumstances giving rise to your termination of employment must meet any definition of “separation from service” in Section 409A (without giving effect to any elective provisions that may be available under such definition) and (ii) if you are a “specified employee” of the Company (as defined in Section 409A) as of the date of your termination of employment, vested RSUs will be delivered to you on the first day of the seventh month following the date of your termination of employment (or if earlier, upon death); provided, however, that such delay shall be implemented only to the extent necessary in order to avoid the imposition of taxes under Section 409A; and further provided that you have otherwise complied with the requirements for such delivery of vested shares as provided herein. |

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Exhibit 10.4

**2021 PERFORMANCE SHARE UNITS GRANT AGREEMENT**

***Applicable to Performance Share Units promised under the Autoliv, Inc., 1997 Stock Incentive Plan (as amended and restated)***

Your above-described grant of performance share units (the “PSUs”) is subject to the following provisions, in addition to those set forth in the attached Notice of Grant (the “Grant Notice”): and the Autoliv, Inc. 1997 Stock Incentive Plan (“the Plan”):

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| --- | --- |
| 1. | Defined Terms: |

Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Plan. In addition, for purposes of this Grant Agreement:

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|  | a. | *“Cause”* will have the meaning assigned such term in the employment, severance or similar agreement, if any, between you and Autoliv, Inc. (the “Company”) or one of its subsidiaries; provided, however, that if there is no such employment, severance or similar agreement in which such term is defined, “Cause” shall mean any of the following acts by you, as determined by the Company or one of its subsidiaries, as applicable, in its sole discretion: gross neglect of duty, as reasonably determined by the Company, prolonged absence from duty without the consent of the Company or one of its subsidiaries, as applicable; your material breach of any published Company code of conduct or code of ethics; or your willful misconduct, misfeasance or malfeasance of duty which is reasonably determined to be detrimental to the Company or one of its subsidiaries. |

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|  | b. | “*Committee*” means the Leadership Development and Compensation Committee of the Autoliv Inc. Board of Directors. |

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|  | c. | *“Confirmed PSUs”* means the number of PSUs earned, if any, based on the Committee’s certification of the Company’s level of attainment of the Performance Objectives for each Performance Period. The Committee shall determine and certify the Company’s level of attainment of the Performance Objectives as soon as practicable following each Performance Period with respect to Tranche A, Tranche B and Tranche C. |

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|  | d. | *“Date of Vesting”* means the earlier of (i) the date set by the Committee, (ii) the date the Committee certifies the Company’s level of attainment of the Performance Objectives for the final Performance Period (i.e. the Performance Period with respect to Tranche C), (iii) the date on which a Change of Control occurs as described in Section 5(a) below provided that, except as otherwise stated herein, you are then still employed by the Company or one of its subsidiaries; (iv) the date on which a Change in Control occurs as described in Section 5(c) below, in the case of completed Performance Periods only, provided that, except as otherwise stated herein, you are then still employed by the Company or one of its subsidiaries; or (v) the date on which your employment with the Company or one of its subsidiaries terminates by reason of your death, Disability or Qualifying Retirement as provided in Section 2(b) below, in the case of completed Performance Periods only. |

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|  | e. | *“Disability”* means your inability, as reasonably determined by the Company, to perform the essential functions of your regular duties and responsibilities, with or without reasonable accommodation, due to a medically determinable physical or mental illness which has lasted (or can reasonably be expected to last) for a period of six (6) consecutive months. |

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|  | f. | *“EMT”* means the Executive Management Team. |

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|  | g. | *“Good Reason”* shall have the meaning (i) assigned such term in the employment, severance or similar agreement, if any, between you and the Company or one of its subsidiaries, or (ii) if there is no such employment, severance or similar agreement in which such term is defined, then “Good Reason” as used herein shall mean a resignation following a Change in Control event for the purpose of Section 5(b) below due to (a) material reduction in salary, or (b) relocation of principal place of business to a location more than thirty kilometers from employment location at the time of the Change in Control,. |

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Exhibit 10.4

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|  | h. | *“Performance Objectives”* shall have the meaning set forth in Exhibit A hereto. |

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|  | i. | *“Performance Period”* and “*Performance Periods*” shall have the meaning set forth in Exhibit A hereto. |

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|  | j. | *“Qualifying Retirement”* means your termination of employment with the Company or one of its subsidiaries at or after the earliest date you satisfy the eligibility requirements for retirement under the relevant provisions of national, state, or provincial law in your home country, provided such termination of employment (i) is approved by the Company to be a Qualifying Retirement, or (ii) if you are a member of EMT, is approved as a Qualifying Retirement in advance by the Committee. Notwithstanding the foregoing, your termination of employment will not be considered a Qualifying Retirement if (i) the termination occurs within six (6) months following the Grant Date, or (ii) you are terminated for Cause by the Company or one of its subsidiaries. |

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|  | k. | *“Target Award”* is the target number of shares of Common Stock subject to this award divided into three tranches (e.g. A, B, and C), as set forth in your Grant Notice, as well as any additional PSUs credited as a result of dividend equivalents, as described in Section 9 below. |

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| 2. | Vesting; Termination of Employment: |

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|  | a. | The PSUs have been credited to a bookkeeping account (“Account”) on your behalf as of the grant date specified in the Grant Notice (the “Grant Date”). Your Account will reflect the number of PSUs awarded to you as set forth in the Grant Notice, as well as any additional PSUs credited as a result of dividend equivalents, as described in Section 9 below.  Each PSU represents an unfunded, unsecured right to receive Common Stock, subject to the terms and conditions stated in the Plan and this Grant Agreement. The Confirmed PSUs in your account will be earned in whole, in part, or not at all, on the Date of Vesting to the extent that the Performance Objectives are attained, as provided on Exhibit A attached hereto, provided that, except as otherwise stated herein, you are then still employed by the Company or one of its subsidiaries. For the avoidance of doubt, except as otherwise provided in Section 2(b) below or Section 5(c) below, Confirmed PSUs for completed Performance Periods shall remain subject to vesting until the conclusion of the Performance Period for Tranche C, subject to your continued employment by the Company or one of its subsidiaries on such date. Any PSUs that fail to vest in accordance with the terms of this Grant Agreement will be forfeited and reconveyed to the Company without further consideration or any act or action by you. |

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|  | b. | If your employment with the Company or one of its subsidiaries terminates by reason of your death, Disability or Qualifying Retirement prior to the Date of Vesting, then (i) with respect to completed Performance Period(s), you or, as the case may be, your estate, will earn the Confirmed PSUs for the respective completed Performance Period(s), if any, as of the date of your termination; and (ii) with respect to in-process Performance Periods or Performance Periods that have not yet commenced as of the date of your termination, if any, you or, as the case may be, your estate, will retain such PSUs and such PSUs may be earned, in whole, in part, or not at all, on the Date of Vesting to the extent that the Performance Objectives provided on Exhibit A attached hereto are attained. |

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|  | c. | If your employment terminates for any reason prior to the Date of Vesting other than as described in subsection (b) above or Section (b) below, you will forfeit all right, title and interest in and to the PSUs (including any Confirmed PSUs with respect to completed Performance Periods) as of the date of such termination and such PSUs will be reconveyed to the Company without further consideration or any act or action by you. |

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| 3. | Conversion to Shares of Common Stock; Procedure at Date of Vesting: |

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|  | a. | Unless the PSUs are forfeited prior to the Date of Vesting as provided in Section 2 above, the Confirmed PSUs in your Account will be converted on the Date of Vesting to actual shares of Common Stock.  The shares of Common Stock to be issued pursuant to this Grant Agreement shall be issued in the form of book-entry shares of Common Stock in your name as the beneficial owner as of the Date of Vesting. |

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| 4. | Securities Law Restrictions; Insider Trading Policy: |

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Exhibit 10.4

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|  | You may not offer, sell or otherwise dispose of any shares of Common Stock in a manner which would violate any applicable laws, including, without limitation, the laws of Sweden, U.S. federal and state securities laws, U.S. federal law, the requirements of any stock exchange or quotation system upon which the Common Stock may then be listed or quoted and any laws of any other country or jurisdiction that may be applicable to you. |

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|  | In connection with receipt of this Grant Agreement, you acknowledge that you are subject to the Company’s AS 314 Insider Trading Policy.  Such policy may be found on the Company’s intranet at “Functions, Legal” or is available upon request to the Legal department of the Company. |

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| 5. | Change in Control of the Company: |

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|  | Notwithstanding any provision herein to the contrary, your PSUs shall be immediately vested under the following situations. |

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|  | a. | If (i) a Change in Control occurs during a Performance Period and while you are employed by the Company or one of its subsidiaries, and (ii) the surviving entity is not a public company with shares listed on a public stock exchange then, as of the effective date of the Change in Control, your PSUs related to such in-process Performance Period and any Performance Period(s) that has not yet commenced, if any, shall be immediately vested at the Target Award level.  For example, if (i) a Change in Control occurs during the Tranche B Performance Period while you are employed by the Company or one of its subsidiaries, and (ii) the surviving entity is not a public company with shares listed on a public stock exchange, then, as of the effective date of the Change in Control, the Tranche B PSUs and the Tranche C PSUs shall be immediately vested at the Target Award level. |

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|  | b. | If (i) a Change in Control occurs during a Performance Period and while you are employed by the Company or one of its subsidiaries, (ii) the PSUs are assumed and equitably converted by the surviving entity which is a publicly traded company with shares listed on a public stock exchange, and (iii) within two (2) years after the effective date of the Change in Control your employment is terminated by the Company or one of its subsidiaries without Cause or, if applicable, you resign for Good Reason, then as of your date of termination, you will retain the PSUs related to such in-process Performance Period and any Performance Period(s) that has not yet commenced and such PSUs may be earned, in whole, in part, or not at all, on the Date of Vesting to the extent that the Performance Objectives provided on Exhibit A attached hereto are attained.  For example, if (i) a Change in Control occurs during the Tranche B Performance Period and while you are employed by the Company or one of its subsidiaries, (ii) the PSUs are assumed and equitably converted by the surviving entity which is a publicly traded company with shares listed on a public stock exchange, and (iii) within two (2) years after the effective date of the Change in Control your employment is terminated by the Company or one of its subsidiaries without Cause or, if applicable, you resign for Good Reason, then as of your date of termination, you will retain the Tranche B PSUs and the Tranche C PSUs, and such PSUs may be earned, in whole, in part, or not at all, on the Date of Vesting to the extent that the Performance Objectives provided on Exhibit A attached hereto are attained. |

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|  | c. | If a Change in Control occurs after completion of a Performance Period, then, as of the effective date of the Change in Control, the Confirmed PSUs for such completed Performance Period shall become immediately vested. |

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| 6. | Non-Transferability: |

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|  | Your PSUs are personal to you and shall not be transferable by you otherwise than by will or the laws of descent and distribution. |

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Exhibit 10.4

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| 7. | Conformity with Plan: |

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| --- | --- |
|  | Your PSUs are intended to conform in all respects with the Plan, including any future amendments thereto. Inconsistencies between this Grant Agreement and the Plan shall be resolved in accordance with the terms of the Plan. All definitions stated in the Plan shall be fully applicable to this Grant Agreement. |

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| 8. | Employment and Successors: |
|  |  |
|  | Nothing herein or in the Grant Notice or in the Plan confers any right or obligation on you to continue in the employ of the Company or any subsidiary or shall affect in any way your right or the right of the Company or any subsidiary, as the case may be, to terminate your employment at any time. This Grant Agreement, the Grant Notice, and the Plan, including any future amendments thereto, shall be binding upon you, your estate, any person succeeding to your rights hereunder and any successor or successors of the Company. The PSUs do not confer to you or any person succeeding to your rights hereunder any rights of a shareholder of the Company unless and until shares of Common Stock are in fact issued to you or such person in connection with the settlement of the PSUs. |

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| 9. | Dividend Equivalent Rights: |

Subject to share availability under the Plan, any cash dividend paid with respect to the Common Stock for which the record date occurs on or after the Grant Date and the payment date occurs on or before the Date of Vesting will result in a credit to your Account of additional PSUs equal to (a) the dollar amount of the dividend per share of Common Stock multiplied by the number of PSUs credited to your Account as of the applicable record date, divided by (b) the closing price per share of the Common Stock on the New York Stock Exchange on the applicable dividend payment date. The additional PSUs credited pursuant to this Section 9 will be subject to the same vesting schedule, forfeiture and other terms that apply to the original PSUs. PSUs that, at the relevant dividend payment date, previously have been settled or forfeited will not be eligible to receive dividend equivalents pursuant to this Section 9.

|  |  |
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| 10. | Tax:  You are totally responsible for paying all taxes that you incur in respect of this Grant. The Company has the authority and the right to deduct or withhold, or require you to remit, an amount sufficient to satisfy all applicable taxes required by law to be withheld with respect to any taxable event arising as a result of vesting or settlement of the PSUs.  The withholding requirement may be satisfied, in whole or in part, by withholding from the settlement of the PSUs, shares of Common Stock having a fair market value on the date of withholding equal to the minimum amount (and not any greater amount unless such other withholding rate will not cause an adverse accounting consequence or cost) required to be withheld for tax purposes, all in accordance with such procedures as the Company establishes.  The obligations of the Company hereunder will be conditional on such payment, and the Company will, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to you. |

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| --- | --- |
| 11. | Governing Law: |

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| --- | --- |
|  | This Grant Agreement, the Grant Notice, and the Plan shall be construed in accordance with and governed by the laws of the State of Delaware, USA, and, to the extent relevant, the local laws of your home country. |

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| --- | --- |
| 12. | Severability: |

If any one or more of the provisions contained in this Grant Agreement are invalid, illegal or unenforceable, the other provisions of this Grant Agreement will be construed and enforced as if the invalid, illegal or unenforceable provision had never been included.

13. Recoupment Policy; Agreement to Repayments of Incentive Compensation When Payments Are Required Under Federal Law:

The Company’s policy regarding “Return of Compensation in Restatement Situations” is incorporated herein these terms. Such policy also may be found on the Company’s intranet at

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Exhibit 10.4

“LifeNet/Functions/Human Resources/HR Standards.” In connection with receipt of this Grant Agreement, you acknowledge that you are subject to such policy. In addition, the PSUs shall be subject to any future compensation recoupment policy that the Company may adopt from time to time, as required by law or otherwise, to the extent applicable.

This provision applies to any policy adopted by the New York Stock Exchange (or any other exchange on which the securities of the Company are listed) pursuant to Section 10D of the Securities Exchange Act of 1934. Section 10D provides for the recovery of incentive-based compensation that has been erroneously paid because of material errors in financial statements of the Company.

To the extent such policy requires the repayment of incentive-based compensation received by you, whether paid pursuant to this Grant Agreement or any other plan of incentive-based compensation maintained in the past or adopted in the future by the Company, you agree to the repayment of such amounts to the extent required by such policy.

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| 14. | Executive Stock Ownership Requirements: |

If you are a member of the EMT, you acknowledge that you are subject to the Company’s policy regarding “Stock Ownership Policy for Executives” in connection with receipt of this Grant Agreement.

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| --- | --- |
| 15. | Confidentiality: |

By accepting this Grant, you agree (a) to keep this Grant Agreement and all of its provisions, as well as any ancillary materials related to this Grant provided to you, confidential; (b) not to disclose the contents thereof to anyone except your attorney, your immediate family or your financial consultant (“Permitted Persons”), provided such Permitted Persons agree in advance to keep such information confidential and not disclose it to others; and (c) not to use the contents thereof for any purpose other than the interpretation of this Grant. If you or any Permitted Person violate the terms and conditions of this Section 15, the PSUs will be forfeited as of the date of such violation, and the PSUs will be reconveyed to the Company without further consideration or any act or action by you. In addition, violations of this Section 15 may result in potential civil or criminal penalties under the US federal securities laws. Anything herein to the contrary notwithstanding, you shall not be restricted from: (i) disclosing information that is required to be disclosed by law, court order or other valid and appropriate legal process; *provided, however*, that in the event such disclosure is required by law, you shall provide the Company with prompt notice of such requirement so that the Company may seek an appropriate protective order prior to any such required disclosure by you; and (ii) reporting possible violations of federal, state, or local law or regulation to any governmental agency or entity, or from making other disclosures that are protected under the whistleblower provisions of federal, state, or local law or regulation, and you shall not need the prior authorization of the Company to make any such reports or disclosures and shall not be required to notify the Company that you have made such reports or disclosures.

16. Fractional Shares

No fractional shares of Common Stock, nor the cash value of any fractional shares of Common Stock, will be issuable or payable to you pursuant to this Agreement. On the Date of Vesting, the aggregate number of Confirmed PSUs shall be rounded down to the nearest whole share.

17.U.S. Taxpayers

Notwithstanding anything in this Agreement to the contrary, this Section 17(a) shall apply only if your PSUs constitute “deferred compensation” under Section 409A of the Internal Revenue Code and the regulations promulgated thereunder (“Section 409A”).

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| --- | --- | --- |
|  | a. | If Section 5(a) becomes operative and you are a U.S. taxpayer for the taxable year in which the Change in Control occurs, then the Change in Control must meet any |

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Exhibit 10.4

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|  |  | definition of “change in control event” in Section 409A (without giving effect to any elective provisions that may be available under such definition). |

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| --- | --- | --- |
|  | b. | If your PSUs become payable upon your termination of employment by reason of your Qualifying Retirement as provided in Section 2(b)(i) or pursuant to Section 5(b) hereof (or otherwise) and you are a U.S. taxpayer for the taxable year in which your termination of employment occurs, then (i) the circumstances giving rise to your termination of employment must meet any definition of “separation from service” in Section 409A (without giving effect to any elective provisions that may be available under such definition) and (ii) if you are a “specified employee” of the Company (as defined in Section 409A) as of the date of your termination of employment, vested PSUs will be delivered to you on the first day of the seventh month following the date of your termination of employment (or if earlier, upon death); provided, however, that such delay shall be implemented only to the extent necessary in order to avoid the imposition of taxes under Section 409A; and further provided that you have otherwise complied with the requirements for such delivery of vested shares as provided herein. |

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Exhibit 10.4

**EXHIBIT A**

**Performance Matrix and Terms**

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Exhibit 10.5

**Amendment No. 1**

**Employment Agreement**

**April 1, 2021**

This Amendment No. 1 is made to the employment agreement by and between Autoliv Inc., a Delaware corporation (the “Company”), and Christian Swahn (the “Executive”), that was made and entered into on March 18, 2019 (the “Agreement”).

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| --- | --- | --- |
|  | 1. | Section 2 of the Agreement is amended and replaced with the following: |

*Employment. The Executive is hereby employed on the Effective Date as the Executive Vice President, Supply Chain Management of the Company. In this capacity, the Executive shall have the duties, responsibilities and authority commensurate with such position as shall be assigned to him by the Chief Executive Officer and President of Autoliv Inc. (the “Chief Executive Officer”).*

*The principal workplace for the Executive shall be Gothenburg, Sweden as of April 1, 2021.*

|  |  |  |
| --- | --- | --- |
|  | 2. | The parties expressly agree that the amendment above does not constitute a Good Reason, as defined in Article 10(c)(iii) of the Agreement, upon signing this Amendment No. 1 to the Agreement. |

|  |  |  |
| --- | --- | --- |
|  | 3. | All other terms and conditions of the Agreement remains unchanged and in full effect. |

IN WITNESS WHEREOF this Amendment No. 1 has been executed the day and year first above written.

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| --- | --- |
|  |  |
| **AUTOLIV INC.** | **EXECUTIVE:** |
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| ………………………… | ……………………… |
|  |  |
|  |  |
| Per Ericson | Christian Swahn |
| EVP Human Resources and Sustainability |  |

1(1)

**Exhibit 31.1**

**CERTIFICATION of**

**the Chief Executive Officer**

**Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Mikael Bratt, certify that:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 1. | | I have reviewed this quarterly report on Form 10-Q of AUTOLIV, INC.; | |
|  | 2. | | Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report; | |
|  | 3. | | Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report; | |
|  | 4. | | The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a -15(f) and 15d-15(f)) for the registrant and have: | |
|  | | a. | | Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; |
|  | | b. | | Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; |
|  | | c. | | Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and |
|  | | d. | | Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and |
|  | 5. | | The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions): | |
|  | | a. | | All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and |
|  | | b. | | Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting. |

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| April 23, 2021 |
|  |
| /s/ Mikael Bratt |
| Mikael Bratt |
| President and Chief Executive Officer |

**Exhibit 31.2**

**CERTIFICATION of**

**the Chief Financial Officer**

**Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Fredrik Westin, certify that:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 1. | | I have reviewed this quarterly report on Form 10-Q of AUTOLIV, INC.; | |
|  | 2. | | Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report; | |
|  | 3. | | Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report; | |
|  | 4. | | The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a -15(f) and 15d-15(f)) for the registrant and have: | |
|  | | a. | | Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; |
|  | | b. | | Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; |
|  | | c. | | Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and |
|  | | d. | | Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and |
|  | 5. | | The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions): | |
|  | | a. | | All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and |
|  | | b. | | Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting. |

|  |
| --- |
| April 23, 2021 |
|  |
| /s/ Fredrik Westin |
| Fredrik Westin |
| Chief Financial Officer |

**Exhibit 32.1**

**Certification of Chief Executive Officer**

**Pursuant to 18 U.S.C. Section 1350,**

**as Adopted Pursuant to**

**Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the quarterly report on Form 10-Q of Autoliv, Inc. (the “Company”) for the period ended March 31, 2021, filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Mikael Bratt, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

|  |  |  |
| --- | --- | --- |
|  | 1. | The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and |
|  | 2. | The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company. |

April 23, 2021

|  |
| --- |
| /s/ Mikael Bratt |
| Mikael Bratt |
| President and Chief Executive Officer |

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**Exhibit 32.2**

**Certification of Chief Financial Officer**

**Pursuant to 18 U.S.C. Section 1350,**

**as Adopted Pursuant to**

**Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the quarterly report on Form 10-Q of Autoliv, Inc. (the “Company”) for the period ended March 31, 2021, filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Fredrik Westin, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

|  |  |  |
| --- | --- | --- |
|  | 1. | The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and |
|  | 2. | The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company. |

April 23, 2021

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| --- |
| /s/ Fredrik Westin |
| Fredrik Westin |
| Chief Financial Officer |

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.