

OFFERING CIRCULAR



Avinor AS

(incorporated with limited liability in Norway)

€1,500,000,000

Euro Medium Term Note Programme

Under this €1,500,000,000 Euro Medium Term Note Programme (the **Programme**), Avinor AS (the **Issuer** or **Avinor**) may from time to time issue notes (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below). The Notes may be issued in bearer form or uncertificated book entry form (the **VPS Notes**) cleared through the Norwegian Central Securities Depository, the *Verdipapirsentralen ASA* (the **VPS**).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €1,500,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Overview of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular 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.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*".

Application has been made to the *Commission de Surveillance du Secteur Financier* (the **CSSF**) in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 on prospectuses for securities (the **Prospectus Act 2005**) to approve this document as a base prospectus. By approving this Offering Circular, the CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Offering Circular or the quality or solvency of the Issuer in accordance with Article 7(7) of the Prospectus Act 2005. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme (other than Exempt Notes (as defined below)) to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange.

References in this Offering Circular to Notes being **listed** (and all related references) shall mean that such Notes have been admitted to trading on the Luxembourg Stock Exchange's regulated market and have been admitted to the Official List of the Luxembourg Stock Exchange. VPS Notes will be listed on the Oslo Stock Exchange's regulated market and, in this case, **listed** (and all related references) shall be construed accordingly. Each of the Luxembourg Stock Exchange's regulated market and the Oslo Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under "*Terms*")

and Conditions of the Notes other than VPS Notes" and "Terms and Conditions of the VPS Notes") of Notes will (other than in the case of Exempt Notes (as defined below)) be set out in a final terms document (the **Final Terms**) which will be filed with the CSSF. Copies of Final Terms in relation to Notes to be listed on the Luxembourg Stock Exchange will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu). In the case of Exempt Notes, notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche will be set out in a pricing supplement document (the **Pricing Supplement**).

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market. The applicable Final Terms in respect of the issue of any such Notes will specify whether or not such Notes will be admitted to listing on the Official List of and to trading on the Luxembourg Stock Exchange (or any other listing authority, stock exchange and/or quotation system, if applicable). The applicable Pricing Supplement in respect of the issue of any Exempt Notes will specify whether or not such Exempt Notes will be admitted to listing or trading on any non-EEA listing authority, stock exchange and/or quotation system, if applicable.

The requirement to publish a prospectus under the Prospectus Directive (as defined under "*Important Information*" below) only applies to Notes which are to be admitted to trading on a regulated market in the European Economic Area (the **EEA**) and/or offered to the public in the EEA other than in circumstances where an exemption is available under Article 3.2 of the Prospectus Directive. References in this Offering Circular to **Exempt Notes** are to Notes for which no prospectus is required to be published under the Prospectus Directive. **The CSSF has neither approved nor reviewed information contained in this Offering Circular in connection with Exempt Notes.**

The Issuer has been rated AA- by Standard & Poor's Credit Market Services Europe Limited (**S&P**) and A1 by Moody's Investors Service Limited (**Moody's**). Each of S&P and Moody's is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such each of S&P and Moody's is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. Notes issued under the Programme may be rated or unrated by either of the rating agencies referred to above. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms (or Pricing Supplement, in the case of Exempt Notes). 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.

Arranger

BNP PARIBAS

Dealers

BNP PARIBAS

Danske Bank

Deutsche Bank

DNB Markets

Nordea Markets

SEB

The date of this Offering Circular is 14 December 2016.

IMPORTANT INFORMATION

This Offering Circular comprises a base prospectus in respect of all Notes other than Exempt Notes issued under the Programme for the purposes of Article 5.4 of the Prospectus Directive. When used in this Offering Circular, **Prospectus Directive** means Directive 2003/71/EC (as amended , including by Directive 2010/73/EU), and includes any relevant implementing measure in a relevant Member State of the EEA.

The Issuer accepts responsibility for the information contained in this Offering Circular and the Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated in it by reference (see "*Documents Incorporated by Reference*"). This Offering Circular shall be read and construed on the basis that those documents are incorporated and form part of this Offering Circular.

The Dealers have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by the Issuer in connection with the Programme. No Dealer accepts any liability in relation to the information contained or incorporated by reference in this Offering Circular or any other information provided by the Issuer in connection with the Programme.

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

Neither this Offering Circular nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or any of the Dealers that any recipient of this Offering Circular or any other information supplied in connection with the Programme or any 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. Neither this Offering Circular nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained in it concerning the Issuer is correct at any time subsequent to its date or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in Notes issued under the Programme of any information coming to their attention.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS OFFERING CIRCULAR AND OFFERS OF NOTES GENERALLY

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that this Offering Circular may be lawfully

distributed, or that any 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 responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Dealers which is intended to permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular 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. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom and the Kingdom of Norway) and Japan, see "*Subscription and Sale*".

This Offering Circular has been prepared on a basis that would permit an offer of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) only in circumstances where there is an exemption from the obligation under the Prospectus Directive to publish a prospectus. As a result, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**) must be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer of Notes in that Relevant Member State may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

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 Offering Circular 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;
- (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.

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) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other

restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the **Securities Act**) and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (see "*Subscription and Sale*").

Notes denominated in NOK may not be offered, sold or delivered in Norway or to or for the benefit of persons domiciled in Norway, unless in compliance with the regulations relating to the offer of VPS Notes and the registration in the VPS (as defined herein) of VPS Notes.

PRESENTATION OF INFORMATION

In this Offering Circular, all references to:

- **U.S. dollars** refer to United States dollars;
- **NOK** refer to Norwegian Kroner;
- **Sterling** and **£** refer to pounds sterling; and
- **euro** and **€** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

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STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) 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 the relevant 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 relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

RISK FACTORS

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

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

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

FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME

Financial risks

The activities of the Issuer and its subsidiaries (the **Group**) expose the Group to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program seeks to minimise the volatility of the Group's financial performance. The Group uses derivative financial instruments in addition to borrowings with fixed interest rates to hedge certain risk exposures.

Market risk

Foreign exchange risk

The Group is exposed to foreign exchange risk with respect to the value of NOK against other currencies caused by income and expenses in foreign currency. The Group uses forward contracts to reduce the foreign exchange risk in cash flows nominated in foreign currency. The Group is primarily exposed to foreign exchange risk with respect to EUR. The Group's income from en route charges is exposed to foreign exchange risk. The Group also has foreign exchange risk connected to contractual payments in foreign currency.

As a fundamental principle, hedging of transaction risk for contracts in foreign exchange is carried through for contracts exceeding the value of NOK 2,000,000. Normally, forward contracts entered into do not have terms exceeding three years. Foreign exchange rate derivatives do not normally qualify for hedge accounting, but there are some exceptions. In accordance with this policy, the Group has entered into some forward foreign exchange contracts (i.e. in connection with larger purchases relating to the terminal development projects). Part of these derivatives qualify for hedge accounting. The Group's risk in relation to changes in foreign exchange rates is assessed to be limited.

Interest rate risk

The Group is exposed to interest rate risk through its financial activities. Parts of the Group's borrowings are issued at floating interest rates, which means that the Group's finance cost is influenced by changes in the interest rates. The objective of the Group's interest rate management is to keep the volatility of future interest costs within acceptable limits. Group policy is to interest rate hedge all long-term loans until at least 60 per cent. of total debt is at all times hedged for at least 12 months.

The Group manages its effective interest rate exposure risk by using various interest rate swaps. As at 31 December 2015 approximately all interest rate swaps were adapted to the terms of specific loans and other conditions. When the interest rate swaps are taken into consideration, the Group had 75 per cent. of its gross borrowings at a fixed rate of interest with remaining time to maturity of at least 12 months. As at 31 December 2015 the Group held interest rate swap instruments with a face value of (in million NOK) 5,932 (2014: (in million NOK) 3,689), where the Group receives a variable NIBOR rate and pays, on average, a fixed rate of 3.51 per cent. of face value. The interest rate swaps are used to hedge against volatility in the profit and loss reporting as a result of changes in the interest rate levels. The hedged loans and the interest rate swap agreements have similar conditions. All interest rate swaps are made as a hedge against financial risks caused by fair value interest rate risk or cash flow interest rate risk. All interest swaps are carried at their fair value on the balance sheet.

Power price risk

The Issuer is a consumer of electrical power and is exposed to volatility in the price of electrical power. The Issuer has entered into financial power contracts via Nord Pool to hedge parts of its power consumption. As at 31 December 2015 approximately 88 per cent. of 2016's estimated consumption was covered by such contracts. The Group does not apply hedge accounting to these contracts.

Credit risk

The Group's credit risks are mainly connected to airlines and air traffic-related industries. The Group has credit risks attached to three main customers. The Group currently assesses the risk that customers cannot fulfil their obligations as moderate.

The Group has guidelines to limit exposure to possible losses. The Group has not made any third-party guarantees.

Maximum risk exposure is illustrated by the carried amounts of the financial assets, including derivatives in the balance sheet. Since the opposite party in derivative trading is normally banks and the power trade exchange, the credit risk connected to derivatives is assessed as small. The Group's assessment is that the Group's maximum credit exposure is illustrated by the carried amounts of trade receivables and other short-term assets.

Liquidity and funding risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations when they are due. The Issuer depends on the availability of funding and credit to finance future development plans and projects and/or to refinance existing facilities and debt. No assurance can be given that the capital markets and/or syndication markets in which banks operate will be accessible and able to provide debt financing in such amounts and on such terms as may be required at the relevant time.

The Group's strategy is to meet the risk by having sufficient funds available at any time to be able to fulfil the financial obligations when they are due, both under normal or extraordinary circumstances, without risking unacceptable losses. The Group has a liquidity reserve sufficient, at any time, to maintain business for at least twelve months without raising new loans.

The tables below (derived from the Annual Report 2015) analyse the maturity structure of the Group's financial obligations (in NOK millions), based on contractual undiscounted cash-flow. In the case where the opposite party may demand an earlier payment, the amount is presented in the earliest period the payment may be demanded. If payment may be demanded on request, the obligations are included in the first column (less than 1 month):

<i>Avinor Group:</i>	Remaining period*					Total
	< 1 month	1-3 months	3-12 months	1-5 years	> 5 years	
31 December 2015						
State, bond and bank borrowings*	26.5	501.4	1,452.1	5,972.0	14,890.1	22,842.1
Other commitments	3.0	6.0	27.4	179.7	0.5	216.6
Trade payables	295.5	145.6	0.0	0.0	0.0	441.1
Other current liabilities	374.6	184.5	0.0	0.0	0.0	559.1
31 December 2014						
State, bond and bank borrowings*	43.1	886.3	956.1	5,525.8	11,478.2	18,889.5
Other commitments	0.8	1.6	7.5	218.0	0.5	227.9
Trade payables	535.8	263.9	0.0	0.0	0.0	799.7
Other current liabilities	290.9	143.3	0.0	0.0	0.0	434.2

* derivatives included

<i>Avinor AS:</i>	Remaining period*					Total
	< 1 month	1-3 months	3-12 months	1-5 years	> 5 years	
31 December 2015						
State, bond and bank borrowings*	13.8	490.3	832.4	3,570.1	12,800.5	17,707.1
Other commitments	1.5	3.0	13.6	99.9	0.5	118.5
Trade payables	154.2	75.9	0.0	0.0	0.0	230.1
Other current liabilities	355.6	175.1	0.0	0.0	0.0	530.7
31 December 2014						
State, bond and bank borrowings*	32.6	865.1	292.8	3,011.8	8,937.2	13,139.5
Other commitments	0.2	0.4	1.4	110.2	0.4	112.7
Trade payables	220.2	108.5	0.0	0.0	0.0	328.7
Other current liabilities	277.6	136.8	0.0	0.0	0.0	414.4

* derivatives included

Business specific risks

General

The Issuer operates in a capital intensive market characterised by a low degree of competition. In addition to the traditional airport operations part of the business, the Group has expanded its operations within the commercial part of the airport business. The Group's performance and prospects depend on a number of factors, some which may be beyond its control, in whole or in part, such as regulatory changes, general market trends and developments and changes in the competitive landscape. No assurance can be given that the issuer will be able to continue its profitable track-record on a consistent basis in the medium term.

Regulatory issues

The business framework within which the Issuer operates is influenced by political decisions and potential changes in applicable regulatory framework, including tax regulations, aviation charges regulation, changes in security and safety regulations, as well as general conditions and regulations applicable to the aviation industry at large in the Norwegian market. These factors may influence the Group's production capacity, revenue or profits.

A number of regulatory issues may have an impact on the company's financial position, including:

- Changes in sectorial policy guidelines and social obligations
- Changes in regulatory requirements relating to safety, security, aviation charges, environment and ICT
- Changes in current requirements concerning airport structure, service and quality level.
- Changes in framework conditions relating to continued commercial business development
- Changes in the framework conditions relating to duty free sales

Any of these factors could have a material adverse effect on the Group's business, financial condition and results of operations.

Risk related to the aviation market

The Group's aeronautical income could decline as a result of a reduction in flights, passengers or other factors outside the Group's control. The Group generates aeronautical income from airport charges and traffic charges. These charges are regulated and principally levied on the basis of passenger numbers, maximum total aircraft weight and distance flown. There are no specific operating contracts with the airlines operating at the Group's airports. There can therefore be no assurance as to the level of the Group's future aeronautical income from any one or more airline operators.

Decisions by, legal disputes with, financial difficulties at, or the failure of, a significant airline customer, or the withdrawal of their landing rights, could lead to a reduction in flights and passenger numbers and/or failure or delay in recovering airport fees or traffic charges. The effect of decisions by or events at airlines that have a major presence at the Group's airports could have a particularly material adverse effect on the Group. A high degree of fixed capacity costs and regulated staffing levels make the Group's earnings and financial value vulnerable to changes in traffic volumes.

The number of passengers using the airports may be affected by a number of other factors, including:

- Terror, epidemics, volcanic eruptions, extreme weather and other events of great consequence for operational production or demand for air transport
- Changes in the expected economic development and market demand for air transport
- Decisions by airlines regarding the number, type and capacity of aircraft, as well as the routes on which particular aircrafts are utilised
- Macroeconomic events (including changes in fuel prices and currency exchange rates) whether affecting the global economy or the Norwegian economy
- Competition from non-Avinor Norwegian airports or non-Norwegian airports
- Wars, riots or political action
- Industrial action
- Health scares
- Bad weather at the Group's airports or other airports

- Changes in domestic or international regulation, including for instance international trade liberalisation developments such as Open Skies
- The quality of services and facilities, including the impact of construction projects
- The development of efficient and viable alternatives to air travel, including the improvement or expansion of existing surface transport systems, the introduction of new transport links or technology and the increased use of communications technology

A decrease in the number of passengers using the airports as a result of the factors noted above could have a material adverse effect on the Group's business, financial condition and results of operations.

Furthermore, a decrease in passenger numbers or other factors outside the Group's control could reduce non-aeronautical income. The Group's principal sources of non-aeronautical income include retail concession fees, car parking income, property rental income, and income from the provision of operational facilities and utilities.

Retail concession fees are driven by passenger numbers and propensity of passengers to spend in the shops at the airports. As noted above, there is a variety of factors which could adversely affect the number of passengers using the airports. Levels of retail income at the airports may also be affected by changes in the mix of long- and short-haul and transfer and origin and destination passengers; economic factors, including exchange rates and changes in duty free regimes; retail tenant failures; lower retail yields on lease renegotiations; redevelopments or reconfiguration of retail facilities at the airports, which can lead to a temporary or permanent decline in retail concession fees; reduced competitiveness of the airport retail offering; stricter hand luggage and other carry on restrictions; and reduced shopping time as a result of more rigorous and time consuming security procedures. Car parking income could be reduced as a result of increased competition from other modes of transport to the airports, such as buses and trains, as well as increased competition from off-site car parks. Other non-aeronautical income could be reduced as a result of a decrease in demand from airport users, such as car rental operators and airlines leasing check-in counters. Any of these factors could have a material adverse effect on the Group's business, financial condition and results of operations.

Risks related to investment activities

The Group runs on-going investment programs to update and renew airport infrastructure and other assets. The ability to manage these investment programs within set time and cost frames is vital for profitability. In order to prepare for the future, the Group invests in increased capacity at major airports. Inherent project risk, and changes in financing regimes and political trends, may affect the liability of these investments and, as a result, the financial condition of the Group.

Furthermore the Group is reliant on its ability and capacity to complete commenced projects that meet defined quality, time and cost requirements. Inflation in the building and construction industry and other business-critical service areas, may hamper the Group's ability to complete projects according to plan.

Other risks

State ownership of Avinor AS

Political and economic policies of the Norwegian State could affect the Group's business and financial position. This may be reflected in decisions relating to the pursuance of the Group's commercial and financial interests, including those relating to dividend distribution policy and/or its strategy on development and operation of airports and air navigation services. There are no decisions or plans to change the ownership in the 100 per cent. owned subsidiary, Avinor Flysikring AS, established in 2014 for the Air Navigation

Services (ANS) division. A disposal of any or all of this subsidiary on arm's length terms will, however, not constitute an Event of Default as defined in the Terms and Conditions of the notes or VPS notes.

Environmental issues

Aviation affects both the local and the global environment. The environmental impact of the airport business relates primarily to aircraft noise, local air, water and ground pollution, and aircraft emissions that may have an impact on the global climate.

The Group is subject to a number of environmental laws, regulations, environmental expectations and reporting requirements. Most significantly individual environmental permits are granted for all 46 airports, in accordance with the Pollution Control Act. These regulate such matters as discharges of de-icing chemicals, fire fighting foams and risk assessments at the airport. With regards to aircraft noise, Oslo Airport is subject to specific regulation, whereas the other airports are regulated under the general noise requirements in the Pollution Control Act. The Group is also subject to legislation which regulates, amongst other things, biodiversity and cultural heritage. The Group is allocating significant resources in order to reduce the environmental burden of Avinor's and the aviation industry's activities. However, lack of compliance with the relevant regulations may result in withdrawal of permits which are required to keep airports open and a consequent reduction in income.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME

Risks related to the structure of a particular issue of Notes

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

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 Issuer has the right to convert the interest rate on any Notes 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 may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market in, and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to result in a lower overall cost of borrowing for the Issuer. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes.

If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing market rates.

Notes which are 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 (such as Zero Coupon Notes) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

Risks related to Notes generally

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

The conditions of the Notes contain provisions which may permit their modification without the consent of all investors.

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

The Terms and Conditions of the Notes other than VPS Notes also provide that the Issuer and the Agent may, without the consent of holders of Notes other than VPS Notes, agree to any modification of the Notes other than VPS Notes, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law. Any such modification shall be binding on the holders of Notes other than VPS Notes and the Couponholders as described in Condition 14 of the Terms and Conditions of the Notes other than VPS Notes.

The VPS Trustee Agreement provides that the VPS Trustee may, without the consent of the holders of VPS Notes, make certain modifications to the Terms and Conditions of the VPS Notes or the VPS Trustee Agreement without the prior consent or sanction of such holders of VPS Notes, as further detailed in the Terms and Conditions of the VPS Notes and the VPS Trustee Agreement. The VPS Trustee must notify the holders of VPS Notes of a proposal to effect such modification and the holders of VPS Notes then have at least five Business Days to protest. If a protest is made, then the relevant modification will not be made. If there is no protest, then the relevant modification will be binding on the holders of VPS Notes.

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

The Terms and Conditions of the Notes other than VPS Notes and any non-contractual obligations arising out of or in connection with such Notes are based on English law in effect as at the date of this Offering Circular.

The Terms and Conditions of the VPS Notes (save for Conditions 2, 12, 13 and 14 of the Terms and Conditions of the VPS Notes) and any non-contractual obligations arising out of or in connection with such Notes are based on English law; Conditions 2, 12, 13 and 14 of the Terms and Conditions of the VPS Notes are governed by Norwegian law, in each case as in effect as at the date of this Offering Circular.

No assurance can be given as to the impact of any possible judicial decision or change to English or Norwegian law or administrative practice after the date of this Offering Circular and any such change could materially adversely impact the value of any Notes affected by it.

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 Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his 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 his 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 printed) 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, holders 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 description of material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit 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 his Notes

Notes may have no established trading market when issued, and one may never develop. If a market for the Notes 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.

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 his 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 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 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.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates.

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

Credit ratings assigned to the Issuer or any Notes may not reflect all the risks associated with an investment in those Notes.

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and 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 CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Offering Circular and will be disclosed in the Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement.

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement.

This Overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing Directive 2003/71/EC (the **Prospectus Regulation**).

Words and expressions defined in "*Form of the Notes*", "*Terms and Conditions of the Notes other than VPS Notes*" and "*Terms and Conditions of the VPS Notes*" shall have the same meanings in this Overview.

Issuer: Avinor AS

Risk Factors: There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. These are set out under "*Risk Factors*" below and include financial risks, business specific risks and other risks. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under "*Risk Factors*" and include certain risks relating to the structure of particular Series of Notes and certain market risks.

Description: Euro Medium Term Note Programme

Arranger: BNP Paribas

Dealers: BNP Paribas

Danske Bank A/S

Deutsche Bank AG, London Branch

DnB Bank ASA

Nordea Bank Danmark A/S

Skandinaviska Enskilda Banken AB (publ)

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 Offering Circular.

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 Financial Services and Markets Act 2000 (**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*".

Issuing, Principal Paying and Listing Agent:	BNP Paribas Securities Services, Luxembourg Branch
VPS Agent:	DNB Bank ASA, Verdipapirservice
VPS Trustee:	Nordic Trustee ASA
Programme Size:	Up to €1,500,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer 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:	Notes may be denominated in euro, Sterling, Norwegian Kroner, U.S. dollars, yen and, subject to any applicable legal or regulatory restrictions, any other 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 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 bearer form or, in the case of VPS Notes, uncertificated book entry form, as specified in the Final Terms or, in the case of Exempt Notes, the Pricing Supplement. Each Note (other than VPS Notes) will on issue be represented by a Temporary Global Note which will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Definitive Notes. VPS Notes will not be evidenced by any physical note or document of title. Entitlements to VPS Notes will be evidenced by the crediting of VPS Notes to accounts with the VPS. VPS

Notes will not be exchangeable for Notes in bearer form and *vice versa*. See "*Form of the Notes*" below.

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 set out in the applicable Final Terms; or
- (c) in the case of Exempt Notes, on such other basis as may be agreed between the Issuer and the relevant Dealer (as indicated in the applicable Pricing Supplement).

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.

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.

Zero Coupon Notes:

Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

Exempt Notes:

The Issuer may agree with any Dealer that Exempt Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes and this general description of the Programme, in which event the relevant provisions will be included in the applicable Pricing Supplement.

Redemption:

The applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice 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.

Unless previously redeemed or purchased and cancelled, each Note, which is not a Zero Coupon Note or an Exempt Note, will be redeemed at an amount equal to at least 100 per cent. of its nominal amount on its scheduled maturity date.

Notes having a maturity of less than one year may be 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 withholding taxes imposed by any Tax Jurisdiction as provided in Condition 7 of the Terms and Conditions of the Notes other than VPS Notes and Condition 7 of the Terms and Conditions of the VPS Notes. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 7 of the Terms and Conditions of the Notes other than VPS Notes and Condition 7 of the Terms and Conditions of the VPS Notes, be required to pay additional amounts to cover the amounts so deducted.

Negative Pledge:

The terms of the Notes will contain a negative pledge provision as further described in Condition 3 of the Terms and Conditions of the Notes other than VPS Notes and Condition 3 of the Terms and Conditions of the VPS Notes.

Cross Default:

The terms of the Notes will contain a cross default provision as further described in Condition 9 of the Terms and Conditions of the Notes other than VPS Notes and Condition 9 of the Terms and Conditions of the VPS Notes.

Status of the Notes:

The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 3 of the Terms and Conditions of the Notes other than VPS Notes and Condition 3 of the Terms and Conditions of the VPS Notes) unsecured obligations of the Issuer and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations

(other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

Rating:

The Issuer has been rated AA- by S&P and A1 by Moody's. Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement. 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.

Listing:

Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made for Notes (other than Exempt Notes) issued under the Programme to be listed and admitted to trading on the regulated market of the Luxembourg Stock Exchange.

Applications may be made to list VPS Notes and admit VPS Notes to trading on the regulated market of the Oslo Stock Exchange. Any such applications will be in accordance with applicable laws and regulations governing the listing of VPS Notes on the Oslo Stock Exchange from time to time.

Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets 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 Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement will state whether or not the relevant Notes are to be VPS Notes or not and whether such Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

Governing Law:

The Notes (other than the VPS Notes) and any non-contractual obligations arising out of or in connection with such Notes will be governed by, and shall be construed in accordance with, English law.

The VPS Notes (save for Conditions 2, 12, 13 and 14 of the Terms and Conditions of the VPS Notes) and any non-contractual obligations arising out of or in connection with such Notes will be governed by, and shall be construed in accordance with, English law. Conditions 2, 12, 13 and 14 of the Terms and Conditions of the VPS Notes will be governed by and construed in accordance with Norwegian law.

The VPS Notes must comply with the Norwegian Securities Register Act of 5 July 2002 no. 64, as amended from time to time, and the holders of VPS Notes will be entitled to the rights and subject to the obligations and liabilities which arise under this Act and any related regulations and legislation.

Selling Restrictions:

There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA (including the United Kingdom and the Kingdom of Norway), Japan 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. TEFRA C or D/TEFRA not applicable, as specified in the applicable Final Terms.

DOCUMENTS INCORPORATED BY REFERENCE

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

- (a) the auditors' report and audited consolidated and non-consolidated annual financial statements for the financial year ended 31 December 2015 of the Issuer including the information set out at the following pages in particular:

Income Statement	Page 60
Statement of Comprehensive Income	Page 61
Balance Sheet	Pages 62 to 63
Statement of Changes in Equity	Pages 64 to 65
Statement of cash flows	Page 66 to 67
Notes to the Financial Statement	Pages 68 to 112
Auditor's Report	Pages 116 to 117

- (b) the auditors' report and audited consolidated and non-consolidated annual financial statements for the financial year ended 31 December 2014 of the Issuer including the information set out at the following pages in particular:

Income Statement	Page 28
Statement of Comprehensive Income	Page 29
Balance Sheet	Pages 30 to 31
Statement of Changes in Equity	Pages 32 to 33
Statement of cash flows	Page 34
Notes to the Financial Statement	Pages 35 to 87
Auditor's Report	Pages 89 to 90

- (c) the interim consolidated and non-consolidated financial statements for the nine months ended 30 September 2016 of the Issuer including the information set out at the following pages in particular:

Income Statement	Page 10
Statement of Comprehensive Income	Page 11
Balance Sheet	Pages 12 to 13

Statement of Changes in Equity	Page 14
Statement of cash flows.....	Page 15
Notes.....	Pages 16 to 22

- (d) The Terms and Conditions of the Notes other than the VPS Notes and the Terms and Conditions of the VPS Notes contained in: (i) the Offering Circular dated 18 December 2013, prepared by the Issuer in connection with the Programme, at pages 46 to 70, in the case of the Terms and Conditions of the Notes other than the VPS Notes and at pages 71 to 93, in the case of the Terms and Conditions of the VPS Notes; (ii) the Offering Circular dated 17 December 2014, prepared by the Issuer in connection with the Programme, at pages 47 to 72, in the case of the Terms and Conditions of the Notes other than the VPS Notes and at pages 73 to 96, in the case of the Terms and Conditions of the VPS Notes; and (iii) the Offering Circular dated 9 December 2015, prepared by the Issuer in connection with the Programme, at pages 48 to 75, in the case of the Terms and Conditions of the Notes other than the VPS Notes and at pages 76 to 99, in the case of the Terms and Conditions of the VPS Notes.

Any other information incorporated by reference that is not included in the cross-reference lists above is considered to be additional information to be disclosed to investors rather than information required by the relevant Annexes of the Prospectus Regulation;

Following the publication of this Offering Circular a supplement may be prepared by the Issuer and approved by the CSSF in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable, be deemed to modify or supersede statements contained in this Offering Circular or in a document which is incorporated by reference in this Offering Circular. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

Copies of documents incorporated by reference in this Offering Circular can be obtained from the registered office of the Issuer, the specified offices of the Paying Agents for the time being in Luxembourg and on the website of the Luxembourg Stock Exchange, www.bourse.lu.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Offering Circular.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Offering Circular which is capable of affecting the assessment of any Notes, prepare a supplement to this Offering Circular or publish a new Offering Circular for use in connection with any subsequent issue of Notes.

FORM OF THE NOTES

Any reference in this section to "applicable Final Terms" shall be deemed to include a reference to "applicable Pricing Supplement" where relevant.

The Notes of each Series will be in either bearer form, with or without interest coupons and/or talons attached or, in the case of VPS Notes, uncertificated book entry form.

Bearer Notes

Each Tranche of Notes other than VPS Notes will be in bearer form and will initially be issued in the form of a temporary global note (a **Temporary Global Note**) or, if so specified in the applicable Final Terms, a permanent global note (a **Permanent Global Note**) which, in either case, will:

- (i) if the Global Notes are intended to be issued in new global note (**NGN**) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**); and
- (ii) if the Global Notes are not intended to be issued in NGN Form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the **Common Depositary**) for Euroclear and Clearstream, Luxembourg or any other agreed clearing system.

Where the Global Notes issued in respect of any Tranche are in NGN form, the applicable Final Terms will also 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 times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (a) interests in a Permanent Global Note of the same Series or (b) definitive Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable interest coupons and talons attached upon either (a) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Agent as described therein or (b) only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 9) of the Terms and Conditions of the Notes other than the VPS Notes and Condition 9 of the Terms and Conditions of the VPS Notes has occurred and is continuing, or (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 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 Permanent Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 of the Terms and Conditions of the Notes other than the VPS Notes and Condition 11 of the Terms and Conditions of the VPS Notes if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Agent 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 Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Agent.

The following legend will appear on all Notes (other than Temporary Global Notes), receipts and interest coupons relating to such Notes where TEFRA D is specified in the applicable Final Terms:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of Notes or interest coupons.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes other than the VPS Notes*" and "*Terms and Conditions of the VPS Notes*"), the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing 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 until such time as the Tranches are consolidated and form a single 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.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 9 of the Terms and Conditions of the Notes other than the VPS Notes and Condition 9 of the Terms and Conditions of the VPS Notes. 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 Terms and

Conditions of such Notes 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 9 December 2015 and executed by the Issuer.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes, in which event a new Offering Circular will be made available which will describe the effect of the agreement reached in relation to such Notes.

VPS Notes

Each Tranche of VPS Notes will be issued in uncertificated and dematerialised book entry form. Legal title to the VPS Notes will be evidenced by book entries in the records of the VPS. On the issue of such VPS Notes, the Issuer will send a letter to the VPS Trustee, with copies sent to the Agent and the VPS Agent (the **VPS Letter**), which letter will set out the terms of the relevant issue of VPS Notes in the form of a Final Terms supplement attached thereto. On delivery of a copy of such VPS Letter including the relevant Final Terms to the VPS and notification to the VPS of the subscribers and their VPS account details by the relevant Dealer, the account operator acting on behalf of the Issuer will credit each subscribing account holder with the VPS with a nominal amount of VPS Notes equal to the nominal amount thereof for which it has subscribed and paid.

Settlement of sale and purchase transactions in respect of VPS Notes in the VPS will take place two Oslo business days after the date of the relevant transaction. Transfers of interests in the relevant VPS Notes will only take place in accordance with the rules and procedures for the time being of the VPS.

VPS Notes may not be exchanged for bearer Notes and *vice versa*.

General

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or VPS shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes other than Exempt Notes issued under the Programme.

[Date]

AVINOR AS

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the €1,500,000,000
Euro Medium Term Note Programme**

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the [Terms and Conditions of the Notes other than VPS Notes][the Terms and Conditions of the VPS Notes] set forth in the Offering Circular dated 14 December 2016 [and the supplements to it dated [date] and [date] which together constitute a base prospectus for the purposes of Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area) (the **Prospectus Directive**) (the **Offering Circular**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. The Offering Circular has been published on the website of the Luxembourg Stock Exchange, www.bourse.lu.]

The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.

[Terms used herein shall be deemed to be defined as such for the purposes of the [Terms and Conditions of the Notes other than VPS Notes] [the Terms and Conditions of the VPS Notes] (the **Conditions**) set forth in the Offering Circular dated [18 December 2013/17 December 2014/9 December 2015] which are incorporated by reference in the Offering Circular dated 14 December 2016. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area) (the **Prospectus Directive**) and must be read in conjunction with the Offering Circular dated 14 December 2016 [and the supplement[s] to it dated [date] [and [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Offering Circular**), including the Conditions incorporated by reference in the Offering Circular. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. The Offering Circular has been published on the website of the Luxembourg Stock Exchange, www.bourse.lu.]

[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 (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote directions for completing the Final Terms.]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination [must/may need to] be £100,000 or its equivalent in any other currency.]

1. (a) Series Number: []
- (b) Tranche Number: []
- (c) 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/the date that is 40 days after the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 22 below, which is expected to occur on or about *[date]*][Not Applicable]
2. Specified Currency or Currencies: []
3. Aggregate Nominal Amount:
 - (a) Series: []
 - (b) Tranche: []
4. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (if applicable)]
5. (a) Specified Denominations: []

(N.B. Notes must have a minimum denomination of EUR 100,000 (or equivalent))

(Note – where multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed:

"[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].")
- (b) Calculation Amount (in relation to calculation of interest on Notes 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: []
- (b) 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: [[] per cent. Fixed Rate]
[[] month [LIBOR/EURIBOR/NIBOR/STIBOR] +/-
[] per cent. Floating Rate]
[Zero coupon]
(see paragraph [13]/[14]/[15]below)
9. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100]/[] per cent. of their nominal amount
10. Change of Interest Basis: *[Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 13 and 14 below and identify there]*[Not Applicable]
11. Put/Call Options: [Investor Put]
[Change of Control Put]
[Issuer Call]
[Not Applicable]

[(see paragraph [17]/[18]/[19] below)]
12. Date Board approval for issuance of Notes obtained: []

(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)

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 cent. per annum payable in arrear on each Interest Payment Date
- (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
- (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)]
- (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)

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/[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]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): []
- (f) Screen Rate Determination:
- Reference Rate: [] month
[LIBOR/EURIBOR/NIBOR/STIBOR/[]].
 - 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, the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR, the second Oslo business day prior to the start of each Interest Period if NIBOR and the second Stockholm business day prior to the start of each Interest Period if STIBOR)
 - 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)
- (g) ISDA Determination:
- Floating Rate Option: []

- Designated Maturity: []
 - Reset Date: []
(In the case of a LIBOR, EURIBOR, NIBOR or STIBOR based option, the first day of the Interest Period)
- (h) Linear Interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation [] and [] (specify for each short or long interest period)]
- (i) Margin(s): [+/-] [] per cent. per annum
- (j) Minimum Rate of Interest: [] per cent. per annum
- (k) Maximum Rate of Interest: [] per cent. per annum
- (l) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual]
[Actual/365 (Fixed)]
[Actual/365 (Sterling)]
[Actual/360]
[30/360][360/360][Bond Basis]
[30E/360][Eurobond Basis]
[30E/360 (ISDA)]
15. Zero Coupon Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Accrual Yield: [] per cent. per annum
- (b) Reference Price: []
- (c) Day Count Fraction in relation to Early Redemption Amounts: [30/360]
[Actual/360]
[Actual/365]

PROVISIONS RELATING TO REDEMPTION

16. Notice periods for Condition 6.2 of the Terms and Conditions of the Notes other than VPS Notes and Condition 6.2 of the Terms and Conditions of the VPS Notes: Minimum period: [] days
Maximum period: [] days
17. Issuer Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Optional Redemption Date(s): []
- (b) Optional Redemption Amount: [Reference Bond Basis/[] per Calculation Amount]

- (i) [Optional Redemption Margin: [] basis points/Not Applicable]
- (ii) Reference Bond: [CA Selected Bond/[insert reference bond]/Not Applicable]
- (iii) Quotation Time: [5.00 p.m. [Brussels/London/[] time]/Not Applicable]
- (iv) Reference Rate Determination Day [The [] Business Day preceding the relevant Optional Redemption Date/Not Applicable]
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: []
- (ii) Maximum Redemption Amount: []
- (d) Notice periods: Minimum period: [] days
Maximum period: [] 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)
18. Investor Put: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Optional Redemption Date(s): []
- (b) Optional Redemption Amount: [] per Calculation Amount
- (c) Notice periods: Minimum period: [] days
Maximum period: [] 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)
19. Change of Control Put: [Applicable/Not Applicable]
20. Final Redemption Amount: [] per Calculation Amount

21. Early Redemption Amount payable on redemption for taxation reasons or on event of default: [] per Calculation Amount
- (N.B. If the Final Redemption Amount is 100 per cent. of the nominal value (i.e. par), the Early Redemption Amount is likely to be par. If, however, the Final Redemption Amount is other than 100 per cent., of the nominal value, consideration should be given as to what the Early Redemption Amount should be.)*

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22. Form of Notes:

(a) Form: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]

[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]

[Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event/at any time at the request of the Issuer]]

[VPS Notes issued in uncertificated book entry form]

(N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 5 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)

(b) New Global Note: [Yes][No]

(If VPS Notes, must be "No")

23. 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) relates)
24. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

THIRD PARTY INFORMATION

[[*Relevant third party information*] has been extracted from [*specify source*]. The Issuer 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 Avinor AS:

By:

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Regulated Market of the [Luxembourg][Oslo] Stock Exchange [and listed on the Official List of the Luxembourg Stock Exchange]with effect from [].] [Not Applicable.]
- (ii) Estimate of total expenses related to admission to trading: []

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) and associated defined terms].

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 its affiliates in the ordinary course of business - *Amend as appropriate if there are other interests*]

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)]

4. YIELD (Fixed Rate Notes Only)

Indication of yield: [[]/Not Applicable]

5. OPERATIONAL INFORMATION

- (i) ISIN: []
- (ii) Common Code: []
- (iii) Any clearing system(s) other than Euroclear and Clearstream Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
[Verdipapirsentralen, Norway
VPS Identification number []]

- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of additional Paying Agent(s) (if any): []
- (vi) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes]/[No] (*If VPS Notes, must be “No”*)

6. DISTRIBUTION

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated, names of Managers: [Not Applicable/*give names*]
- (iii) Date of Subscription Agreement: []
- (iv) Stabilisation Manager(s) (if any): [Not Applicable/*give name*]
- (v) If non-syndicated, name of relevant Dealer: [Not Applicable/*give name*]
- (vi) U.S. Selling Restrictions: [Reg. S Compliance Category 2; TEFRA D/TEFRA C/TEFRA not applicable]

FORM OF PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Exempt Notes, whatever the denomination of those Notes, issued under the Programme.

NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC FOR THE ISSUE OF NOTES DESCRIBED BELOW

[Date]

AVINOR AS

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the €1,500,000,000
Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Any person making or intending to make an offer of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or to supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer.

[This document constitutes the Pricing Supplement for the Notes described herein. This document must be read in conjunction with the Offering Circular dated 14 December 2016 [as supplemented by the supplement dated [date] [and [date]], (the **Offering Circular**). Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Circular. Copies of the Offering Circular may be obtained from [].]

The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.

[Terms used herein shall be deemed to be defined as such for the purposes of the [Terms and Conditions of the Notes other than VPS Notes] [the Terms and Conditions of the VPS Notes] (the **Conditions**) set forth in the Offering Circular dated [18 December 2013/17 December 2014/9 December 2015] which are incorporated by reference in the Offering Circular dated 14 December 2016.]

[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 Final Terms.]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination [must/may need to] be £100,000 or its equivalent in any other currency.]

- | | | | |
|----|-----|--|--|
| 1. | (a) | Series Number: | [] |
| | (b) | Tranche Number: | [] |
| | (c) | Date on which the Notes will be consolidated and form a single Series: | The Notes will be consolidated and form a single Series with [<i>identify earlier Tranches</i>] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in |

paragraph 22 below, which is expected to occur on or about [date]][Not Applicable]

2. Specified Currency or Currencies: []
3. Aggregate Nominal Amount:
- (a) Series: []
- (b) Tranche: []
4. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]
5. (a) Specified Denominations: []
- (N.B. Notes must have a minimum denomination of EUR 100,000 (or equivalent))*
- (Note – where multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed:*
- "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].")*
- (b) Calculation Amount (in relation to calculation of interest on Notes 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: []
- (b) 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: [[] per cent. Fixed Rate]
[[] month [LIBOR/EURIBOR/NIBOR/STIBOR] +/-
[] per cent. Floating Rate]
[Zero coupon]
(see paragraph [13]/[14]/[15]below)
9. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100]/[] per cent. of their nominal amount

10. Change of Interest Basis: [Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 13 and 14 below and identify there][Not Applicable]
11. Put/Call Options: [Investor Put]
[Change of Control Put]
[Issuer Call]
[Not Applicable]

[(see paragraph [17]/[18]/[19] below)]
12. [Date [Board] approval for issuance of Notes obtained: []]

(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)

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 cent. per annum payable in arrear on each Interest Payment Date
- (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
- (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)]
- (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)
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]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): []
- (f) Screen Rate Determination:
- Reference Rate: [] month [LIBOR/EURIBOR/NIBOR/STIBOR]
(Either LIBOR, EURIBOR or other, although additional information is required if other, including fallback provisions in the Agency Agreement.)
 - 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, the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR, the second Oslo business day prior to the start of each Interest Period if NIBOR and the second Stockholm business day prior to the start of each Interest Period if STIBOR)
 - 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)
- (g) ISDA Determination:
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
(In the case of a LIBOR, EURIBOR, STIBOR or NIBOR based option, the first day of the Interest Period)
- (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 cent. per annum
- (j) Minimum Rate of Interest: [] per cent. per annum
- (k) Maximum Rate of Interest: [] per cent. per annum
- (l) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual]
[Actual/365 (Fixed)]
[Actual/365 (Sterling)]
[Actual/360]
[30/360][360/360][Bond Basis]
[30E/360][Eurobond Basis]
[30E/360 (ISDA)]

15. Zero Coupon Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

- (a) Accrual Yield: [] per cent. per annum
- (b) Reference Price: []
- (c) Day Count Fraction in relation to Early Redemption Amounts: [30/360]
[Actual/360]
[Actual/365]

PROVISIONS RELATING TO REDEMPTION

16. Notice periods for Condition 6.2 of the Terms and Conditions of the Notes other than VPS Notes and Condition 6.2 of the Terms and Conditions of the VPS Notes: Minimum period: [] days
Maximum period: [] days
17. Issuer Call: [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): [Reference Bond Basis/[] per Calculation Amount]
 - (i) Optional Redemption Margin: [[] basis points/Not Applicable]
 - (ii) Reference Bond: [CA Selected Bond/[insert reference bond]/Not Applicable]
 - (iii) Quotation Time [5.00 p.m. [Brussels/London/[] time]/Not Applicable]

- (iv) Reference Rate Determination Day: [The [] Business Day preceding the relevant Optional Redemption Date/Not Applicable]
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: []
- (ii) Maximum Redemption Amount: []
- (d) Notice periods: Minimum period: [] days
Maximum period: [] 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)
18. Investor Put: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Optional Redemption Date(s): []
- (b) Optional Redemption Amount: [] per Calculation Amount
- (c) Notice periods: Minimum period: [] days
Maximum period: [] 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)
19. Change of Control Put: [Applicable/Not Applicable]
20. Final Redemption Amount: [] per Calculation Amount
21. Early Redemption Amount payable on redemption for taxation reasons or on event of default: [] per Calculation Amount
(N.B. If the Final Redemption Amount is 100 per cent. of the nominal value (i.e. par), the Early Redemption Amount is likely to be par. If, however, the Final Redemption Amount is other than 100 per cent. of the nominal value, consideration should be given as to what the Early Redemption Amount should be.)

22. Other final terms: [Not Applicable][]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

23. Form of Notes:

- (a) Form: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]
- [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]
- [Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event/at any time at the request of the Issuer]]
- [VPS Notes issued in uncertificated book entry form]

(b) New Global Note: [Yes][No]

(If VPS Notes, must be "No")

24. 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) relates)

25. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

[[*Relevant third party information*] has been extracted from [*specify source*]. The Issuer 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 Avinor AS:

By:

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading [Application has been made by the Issuer (or on its behalf) for the Notes to be listed and admitted to trading on the Regulated Market of the [Luxembourg][Oslo] Stock Exchange with effect from [].] [Not Applicable.]
- (ii) Estimate of total expenses related to admission to trading: []

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) and associated defined terms].

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 its affiliates in the ordinary course of business - Amend as appropriate if there are other interests]

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)]

4. YIELD (Fixed Rate Notes Only)

Indication of yield: [[]/Not Applicable]

5. OPERATIONAL INFORMATION

- (i) ISIN: []
- (ii) Common Code: []
- (iii) Any clearing system(s) other than Euroclear and Clearstream Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
[Verdipapirsentralen, Norway
VPS Identification number []]

- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of additional Paying Agent(s) (if any): []
- (vi) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes]/[No] (If VPS Notes, must be “No”)

6. DISTRIBUTION

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated, names of Managers: [Not Applicable/*give names*]
- (iii) Date of Subscription Agreement: []
- (iv) Stabilisation Manager(s) (if any): [Not Applicable/*give name*]
- (v) If non-syndicated, name of relevant Dealer: [Not Applicable/*give name*]
- (vi) U.S. Selling Restrictions: [Reg. S Compliance Category 2; TEFRA D/TEFRA C/TEFRA not applicable]

TERMS AND CONDITIONS OF THE NOTES OTHER THAN THE VPS NOTES

The following are the Terms and Conditions of the Notes other than the VPS 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 Exempt 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 Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement (or in either case the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of Final Terms" or "Form of Pricing Supplement", as applicable, for a description of the content of the Final Terms or 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 Avinor AS (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:

- (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 issued in exchange for a Global Note.

The Notes and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 14 December 2016 and made between the Issuer, BNP Paribas Securities Services, Luxembourg Branch as issuing and principal paying agent and agent bank (the **Agent**, which expression shall include any successor agent, and together with any additional or successor paying agents appointed from time to time, the **Paying Agents**).

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which complete these Terms and Conditions (the **Conditions**) or, if this Note is a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under Directive 2003/71/EC, as amended, (an **Exempt Note**), the final terms (or the relevant provisions thereof) are set out in Part A of the Pricing Supplement 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 Final Terms** are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note. Any reference in the Conditions to **applicable Final Terms** shall be deemed to include a reference to **applicable Pricing Supplement** where relevant. The expression **Prospectus Directive** means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU, and includes any relevant implementing measure in a relevant Member State of the European Economic Area.

Interest bearing definitive Notes have interest coupons (**Coupons**) and, in the case of Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise

requires, be deemed to include a reference to Talons or talons. Global Notes do not have Coupons or Talons attached on issue.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean the holders of the Notes and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons. 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 and the Couponholders 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 9 December 2015 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary or common safekeeper as the case may be for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Paying Agents. If the Notes are to be admitted to trading on the regulated market of the Luxembourg Stock Exchange the applicable Final Terms will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu). If this Note is an Exempt Note, 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 Paying Agent as to its holding of such Notes and identity. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Final Terms 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 Final Terms 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 Final Terms, the applicable Final Terms 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.

1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the currency (the **Specified Currency**) and the denominations (the **Specified Denomination(s)**) specified in the applicable Final Terms. 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 or a Zero Coupon Note, or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to the Notes and Coupons will pass by delivery. The Issuer and the Paying Agents will (except as otherwise required by law) deem and treat the bearer of any Note or Coupon 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 of the Notes 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 and the Paying 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 bearer of the relevant Global Note shall be treated by the Issuer and any Paying 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 Final Terms.

2. STATUS OF THE NOTES

The Notes and any relative Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

3. NEGATIVE PLEDGE

3.1 Negative Pledge

So long as any of the Notes remains outstanding, the Issuer will not, and the Issuer will procure that none of its Subsidiaries 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 the present or future business, undertaking, assets or revenues (including any uncalled capital) of the Issuer and/or any of its Subsidiaries to secure any Relevant Indebtedness (as defined below) unless the Issuer, in the case of the creation of the 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 the Coupons are secured by the Security Interest equally and rateably with the Relevant Indebtedness; or
- (b) such other Security Interest or guarantee or other arrangement (whether or not it includes the giving of a Security Interest) is provided as is approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

3.2 Interpretation

In these Conditions:

- (a) **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 quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market and (ii) any guarantee or indemnity of any such indebtedness; and
- (b) **Subsidiary** means, in relation to the Issuer, any company (i) in which the Issuer holds a majority of the voting rights, (ii) of which the Issuer is a member and has the right to appoint or remove a majority of the board of directors or (iii) of which the Issuer is a member and controls a majority of the voting rights, and includes any company which is a Subsidiary of a Subsidiary of the Issuer.

4. INTEREST

4.1 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.

If the Notes are in definitive form, except as provided in the applicable Final Terms, 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 Final Terms, 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 in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (a) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or
- (b) in the case of Fixed Rate Notes in definitive form, the Calculation Amount,

and, in each case, 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 in definitive form 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.

In the Conditions:

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 4.1:

- (a) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:
 - (i) 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 (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
 - (ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (A) 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 (as specified in the applicable Final Terms) that would occur in one calendar year; and
 - (B) 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
- (b) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest 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;

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.

4.2 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:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or

- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, 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 Final Terms 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 the 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.

If a Business Day Convention is specified in the applicable Final Terms 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:

- (A) in any case where Specified Periods are specified in accordance with Condition 4.2(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.

In the Conditions, **Business Day** means a day which is:

- (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 London and each Additional Business Centre specified in the applicable Final Terms;
- (b) if TARGET2 System is specified as an Additional Business Centre in the applicable Final Terms, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open; and
- (c) either (i) 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 (ii) 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 Final Terms.

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will (subject to Condition 4.2(e) below) be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) 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 Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent 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:

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

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

If no Minimum Rate of Interest is specified in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(ii) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below and in Condition 4.2(e), be either:

- (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, EURIBOR, NIBOR or STIBOR as specified in the applicable Final Terms) 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 the Specified Time on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent. 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 Agent 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 (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the Specified Time, the Agent shall request each of the Reference Banks to provide the Agent 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 Agent 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 Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Agent 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 Agent 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 Agent 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) or the Norwegian inter-bank market (if the Reference Rate is NIBOR) or the Stockholm inter-bank market (if the Reference Rate is STIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Agent 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 Agent 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) or the Norwegian inter-bank market (if the Reference Rate is NIBOR)) or the Stockholm inter-bank market (if the Reference Rate is STIBOR) 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).

In the case of Exempt Notes, 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, NIBOR or STIBOR, the Rate of Interest in respect of the Notes will be determined as provided in the applicable Pricing Supplement.

In this Condition 4.2(b)(ii):

Reference Banks means (w) in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market, (x) in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, (y) in the case of a determination of NIBOR, the principal Oslo office of four major banks in the Oslo inter-bank market or (z) in the case of a determination

of STIBOR, the principal Stockholm office of four major banks in the Stockholm inter-bank market, in each case selected by the Agent or as specified in the applicable Final Terms; and

Specified Time means 11.00 a.m. (London time) if the Reference Rate is LIBOR, 11.00 a.m. (Brussels time) if the Reference Rate is EURIBOR, 11.00 a.m. (Stockholm time) if the Reference Rate is STIBOR or 12.00 noon (Oslo time) if the Reference Rate is NIBOR.

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

If the applicable Final Terms 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 Final Terms 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.

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

The Agent 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 Agent 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:

- (A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case, 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 in definitive form 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 4.2:

- (i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, 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 Final Terms, the actual number of days in the Interest Period divided by 365;

- (iii) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, 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 Final Terms, 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 Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

"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;

- (vi) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

"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;

- (vii) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

"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.

(e) Linear Interpolation

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Agent by straight line linear interpolation by reference to two rates based on:

- (i) the relevant Reference Rate (where Screen Rate Determination is specified in the applicable Final Terms as being the manner in which the Rate of Interest is to be determined); or
- (ii) the relevant Floating Rate Option (where ISDA Determination is specified in the applicable Final Terms as being the manner in which the Rate of Interest is to be determined),

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 rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

For the purposes of this Condition 4.2(e) **Designated Maturity** means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(f) Notification of Rate of Interest and Interest Amounts

The Agent 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 (by no later than the first day of each Interest Period) 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.

(g) 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 4.2 by the Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the other Paying Agents and all Noteholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

4.3 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:

- (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 Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13.

5. PAYMENTS

5.1 Method of payment

Subject as provided below:

- (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 7 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 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7) any law implementing an intergovernmental approach thereto.

5.2 Presentation of definitive Notes and Coupons

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 5.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Fixed Rate Notes in definitive form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

5.3 Payments in respect of Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes or otherwise in the manner specified in the relevant Global Note, where applicable, against presentation

or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made either on such Global Note by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

5.4 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 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 to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

5.5 Payment Day

If the date for payment of any amount in respect of any Note or Coupon 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 8) is:

- (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:
 - (i) in the case of Notes in definitive form only, the relevant place of presentation;
 - (ii) each Additional Financial Centre (other than the TARGET2 System) specified in the applicable Final Terms;
- (b) if TARGET2 System is specified as an Additional Financial Centre in the applicable Final Terms, a day on which the TARGET2 System is open; and
- (c) either (A) 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 (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

5.6 Interpretation of principal and interest

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

- (a) any additional amounts which may be payable with respect to principal under Condition 7;
- (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 Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6.6); 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 7.

6. REDEMPTION AND PURCHASE

6.1 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 Final Terms (which, in the case of Notes other than Zero Coupon Notes or Exempt Notes, shall be an amount equal to at least 100 per cent. of its nominal amount) in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

6.2 Redemption for tax reasons

Subject to Condition 6.6, 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 Final Terms to the Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable), if:

- (a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 7) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and
- (b) such obligation cannot be avoided by the Issuer 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 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 6.2, the Issuer shall deliver to the Agent to make available at its specified office to the Noteholders (i) a certificate signed by two Directors of the Issuer 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 has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 6.2 will be redeemed at their Early Redemption Amount referred to in Condition 6.6 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

6.3 Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or (if redemption in part is specified as being applicable in the applicable Final Terms) some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. If redemption in part is specified as being applicable in the applicable Final Terms, 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 Final Terms.

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 6.3, **Optional Redemption Amount(s)** means:

- (a) if Reference Bond Basis is specified in the applicable Final Terms, (A) the outstanding principal amount of the relevant Note or (B) if higher, the sum, as determined by the Calculation Agent, of the present values of the remaining scheduled payments of principal and interest on the Notes to be redeemed (not including any portion of such payments of interest accrued to the date of redemption) discounted to the Optional Redemption Date on an annual basis (assuming a 360 day year consisting of twelve 30 day months) at the Reference Rate plus the Optional Redemption Margin specified in the applicable Final Terms, where:

CA Selected Bond means a government security or securities (which, if the Specified Currency is euro, will be a German *Bundesobligationen*) selected by the Calculation Agent as having a maturity comparable to the remaining term of the Notes to be redeemed that would be utilised, at the time of

selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Notes;

Calculation Agent means a leading investment, merchant or commercial bank appointed by the Issuer for the purposes of calculating the Optional Redemption Amount, and notified to the Noteholders in accordance with Condition 13;

Reference Bond means (A) if CA Selected Bond is specified in the applicable Final Terms, the relevant CA Selected Bond or (B) if CA Selected Bond is not specified in the applicable Final Terms, the security specified in the applicable Final Terms;

Reference Bond Price means (i) the average of five Reference Market Maker Quotations for the relevant Optional Redemption Date, after excluding the highest and lowest Reference Market Maker Quotations, (ii) if the Calculation Agent obtains fewer than five, but more than one, such Reference Market Maker Quotations, the average of all such quotations, or (iii) if only one such Reference Market Maker Quotation is obtained, the amount of the Reference Market Maker Quotation so obtained;

Reference Market Maker Quotations means, with respect to each Reference Market Maker and any Optional Redemption Date, the average, as determined by the Calculation Agent, of the bid and asked prices for the Reference Bond (expressed in each case as a percentage of its principal amount) quoted in writing to the Calculation Agent at the Quotation Time specified in the applicable Final Terms on the Reference Rate Determination Day specified in the applicable Final Terms;

Reference Market Makers means five brokers or market makers of securities such as the Reference Bond selected by the Calculation Agent or such other five persons operating in the market for securities such as the Reference Bond as are selected by the Calculation Agent in consultation with the Issuer; and

Reference Rate means, with respect to any Optional Redemption Date, the rate per annum equal to the equivalent yield to maturity of the Reference Bond, calculated using a price for the Reference Bond (expressed as a percentage of its principal amount) equal to the Reference Bond Price for such Optional Redemption Date. The Reference Rate will be calculated on the Reference Rate Determination Day specified in the applicable Final Terms; or

- (b) if Reference Bond Basis is not specified in the applicable Final Terms, such amount(s) as are specified in, or determined in the manner specified in, these Conditions as completed by the applicable Final Terms.

6.4 Redemption at the option of the Noteholders (Investor Put)

If Investor Put is specified as being applicable in the applicable Final Terms, 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 Final Terms, 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 under this Condition 6.4 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 any Paying Agent at any time during normal business hours of such Paying Agent 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 any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account to which payment is to be

made under this Condition 6.4 and the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. 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 under this Condition 6.4 the holder of this Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the 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 6.4 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 6.4 and instead to declare such Note forthwith due and payable pursuant to Condition 9.

6.5 Redemption at the option of the Noteholders (Change of Control Put Event)

If Change of Control Put is specified as being applicable in the applicable Final Terms and at any time while any Note remains outstanding a Change of Control occurs, the holder of each Note will have the option (the **Change of Control Put Option**) (unless, prior to the giving of the Change of Control Put Event Notice (as defined below), the Issuer gives notice of its intention to redeem the Notes under Condition 6.2) to require the Issuer to redeem or, at the Issuer's option, to purchase (or procure the purchase of) that Note on the Optional Redemption Date (Change of Control) (as defined below) at its principal amount together with (or, where purchased, together with an amount equal to) accrued interest to but excluding the Optional Redemption Date (Change of Control).

A **Change of Control** shall be deemed to occur if the Kingdom of Norway ceases to (a) own, directly or indirectly, 100 per cent. of the issued share capital of the Issuer, or (b) control the Issuer, and for the purposes of this definition **control** means the power to direct the management and policies of the Issuer or to control the composition of its board of directors or other equivalent body, whether through the ownership of share capital, by contract or otherwise.

If a Change of Control occurs the Issuer shall, within 14 days of the occurrence of the Change of Control, give notice (a **Change of Control Put Event Notice**) to the Noteholders in accordance with Condition 13 specifying the nature of the Change of Control and the circumstances giving rise to it and the procedure for exercising the option contained in this Condition 6.5.

To exercise the right to require redemption or, as the case may be, purchase of this Note under this Condition 6.5 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 any Paying Agent at any time during normal business hours of such Paying Agent falling within the period (the **Put Period**) of 45 days after that on which a Change of Control Put Event Notice is given, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Exercise Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition 6.5 accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Exercise Notice, be held to its order or under its control. 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 or, as the case may be, purchase of this Note under this Condition 6.5 the holder of this Note must, within the Put Period, give notice to the Agent of such exercise in accordance with the standard procedures of

Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

Any Put Exercise Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Note pursuant to this Condition 6.5 shall be irrevocable except where, prior to the due date of redemption or purchase, as applicable, 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 Put Exercise Notice given pursuant to this Condition 6.5 and instead to declare such Note forthwith due and payable pursuant to Condition 9.

The Paying Agent to which this Note and Put Exercise Notice are delivered will issue to the holder concerned a non-transferable receipt (a **Change of Control Put Option Receipt**) in respect of this Note so delivered or, in the case of a Global Note or Note in definitive form held through Euroclear or Clearstream, Luxembourg, notice so received. The Issuer shall redeem or, at the option of the Issuer, purchase (or procure the purchase of) each Note in respect of which a Change of Control Put Option Receipt has been issued on the date (the **Optional Redemption Date (Change of Control)**) which is the seventh day after the last day of the Put Period, unless previously redeemed or purchased. Payment in respect of any Note so delivered will be made, if the holder duly specified a bank account to which payment is to be made in the Put Exercise Notice, on the Optional Redemption Date (Change of Control) by transfer to that bank account and in every other case on or after the Optional Redemption Date (Change of Control), in each case against presentation and surrender or (as the case may be) endorsement of such Change of Control Put Option Receipt at the specified office of any Paying Agent in accordance with the provisions of this Condition 6.5.

6.6 Early Redemption Amounts

For the purpose of Condition 6.2 above and Condition 9:

- (a) each Note (other than a Zero Coupon Note) will be redeemed at its Early Redemption Amount; and
- (b) each Zero Coupon Note will be redeemed at its Early Redemption Amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

^y is the Day Count Fraction specified in the applicable Final Terms 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)

6.7 Purchases

The Issuer or any Subsidiary of the Issuer may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. All Notes so purchased may be held, reissued, resold or, at the option of the Issuer, surrendered to a Paying Agent for cancellation.

6.8 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 6.7 above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

6.9 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 6.1, 6.2, 6.3, 6.4 or 6.5 above or upon its becoming due and repayable as provided in Condition 9 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 6.6(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:

- (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 Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13.

7. TAXATION

All payments of principal and interest in respect of the Notes and Coupons by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons 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 or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (a) presented for payment in the Kingdom of Norway; or
- (b) the holder of which is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note or Coupon; or

- (c) 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 5.5).

As used herein:

- (i) **Tax Jurisdiction** means the Kingdom of Norway or any political subdivision or any authority thereof or therein having power to tax; and
- (ii) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13.

8. PRESCRIPTION

The Notes and Coupons 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 7) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5.2 or any Talon which would be void pursuant to Condition 5.2.

9. EVENTS OF DEFAULT

9.1 Events of Default

If any one or more of the following events (each an **Event of Default**) shall occur and be continuing:

- (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 seven days (in the case of principal) or 14 days (in the case of interest); or
- (b) if the Issuer fails to perform or observe any of its other obligations under the Conditions and (except in any case where the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by a Noteholder on the Issuer of notice requiring the same to be remedied; or
- (c) if (i) any Indebtedness for Borrowed Money (as defined below) of the Issuer or any of its Material Subsidiaries is declared or otherwise becomes due and repayable prematurely by reason of an event of default (however described); (ii) the Issuer or any of its Material Subsidiaries fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment (after the expiry of any originally applicable grace period); (iii) any security given by the Issuer or any of its Material Subsidiaries for any Indebtedness for Borrowed Money becomes enforceable; or (iv) default is made by the Issuer or any of its Material Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person; provided that no event described in this Condition 9.1(c) shall constitute an Event of Default unless the relevant amount of Indebtedness for Borrowed Money or other relative liability due and unpaid, either alone or when aggregated (without duplication) with other amounts of

Indebtedness for Borrowed Money and/or other liabilities due and unpaid relative to all (if any) other events specified in (i) to (iv) above, amounts to at least €20,000,000 (or its equivalent in any other currency); or

- (d) if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer or any of its Material Subsidiaries, save (i) for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution (as defined in the Agency Agreement) or (ii) in the case of a Material Subsidiary of the Issuer, in connection with a Permitted Reorganisation; or
- (e) if (i) the Issuer ceases or threatens to cease to carry on the whole or a substantial part of its business, or if any of the Issuer's Material Subsidiaries ceases or threatens to cease to carry on the whole or substantially the whole of its business, save in each case (A) for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution or (B) in connection with a Permitted Reorganisation or a Permitted Disposal, or (ii) the Issuer or any of its Material Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
- (f) if (A) proceedings are initiated against the Issuer or any of its Material Subsidiaries 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 or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or any of its Material Subsidiaries or, as the case may be, in relation to the whole or a substantial part of the undertaking or assets of any of them, or an encumbrance takes possession of the whole or a substantial part 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 a substantial part of the undertaking or assets of any of them and (B) in any case (other than the appointment of an administrator) is not discharged within 45 days; or
- (g) if the Issuer or any of its Material Subsidiaries initiates or consents to judicial proceedings relating to itself under any 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 any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors),

then any holder of a Note may, by written notice to the Issuer at the specified office of the Agent, effective upon the date of receipt thereof by the Agent, 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.

9.2 Definitions

For the purposes of the Conditions:

- (a) **Indebtedness for Borrowed Money** means any 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 or any borrowed money or any liability under or in respect of any acceptance or acceptance credit;

(b) **Material Subsidiary** means at any time a Subsidiary of the Issuer:

- (i) whose total operating income (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent in each case (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, are equal to) not less than five (5) per cent. of the consolidated total operating income of the Issuer, or, as the case may be, consolidated total assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated accounts of the Issuer and its Subsidiaries, provided that in the case of a Subsidiary of the Issuer acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, the reference to the then latest audited consolidated accounts of the Issuer and its Subsidiaries for the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by the Issuer;
- (ii) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately prior to such transfer is a Material Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Material Subsidiary and the transferee Subsidiary shall cease to be a Material Subsidiary pursuant to this subparagraph (ii) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (i) above or, prior to or after such date, by virtue of any other applicable provision of this definition; or
- (iii) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, generated (or, in the case of the transferee Subsidiary being acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, generate operating income equal to) not less than five (5) per cent. of the consolidated total operating income of the Issuer, or represent (or, in the case aforesaid, are equal to) not less than five (5) per cent. of the consolidated total assets of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (i) above, provided that the transferor Subsidiary (if a Material Subsidiary) shall upon such transfer forthwith cease to be a Material Subsidiary unless immediately following such transfer its undertaking and assets generate (or, in the case aforesaid, generate operating income equal to) not less than five (5) per cent. of the consolidated total operating income of the Issuer, or its assets represent (or, in the case aforesaid, are equal to) not less than five (5) per cent. of the consolidated total assets of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (i) above, and the transferee Subsidiary

shall cease to be a Material Subsidiary pursuant to this subparagraph (iii) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (i) above or, prior to or after such date, by virtue of any other applicable provision of this definition,

all as more particularly defined in the Agency Agreement;

- (c) **Permitted Disposal** means a disposal of any or all of the Issuer's air navigation services division on arm's length terms; and
- (d) **Permitted Reorganisation** means any disposal by any of the Issuer's Subsidiaries or (for the purposes of Condition 9.1(e)(i) only) the Issuer (such entity the **disposing entity**), to the Issuer or any of other Subsidiary of the Issuer, of the whole or substantially the whole of the disposing entity's business.

10. REPLACEMENT OF NOTES, COUPONS AND TALONS

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent 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, Coupons or Talons must be surrendered before replacements will be issued.

11. PAYING AGENTS

The names of the initial Paying Agents and their initial specified offices are set out below. 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 Final Terms.

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

- (a) there will at all times be an Agent;
- (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 Paying 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, other than the jurisdiction in which the Issuer is incorporated.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5.4. Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 13.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or

Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying 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 paying agent.

12. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8.

13. NOTICES

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

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) 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 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 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 Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

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 sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer and shall be convened by the Issuer if required in writing by Noteholders holding not less than five per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the

Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons (including modifying 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 or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in 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 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 the Noteholders, whether or not they are present at any meeting and whether or not they voted on the resolution, and on all Couponholders.

The Agent and the Issuer may agree, without the consent of the Noteholders or Couponholders, to any modification of the Notes, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

15. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders 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.

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.

17. GOVERNING LAW AND SUBMISSION TO JURISDICTION

17.1 Governing law

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

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 and/or the Coupons, 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 and/or the Coupons (a **Dispute**) and accordingly each of the Issuer and any Noteholders or Couponholders 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 and the Couponholders 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 Saville & Co. Notaries at One Carey Lane, London EC2V 8AE 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 Saville & Co. Notaries 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.

17.4 Waiver of immunity

The Issuer irrevocably and unconditionally with respect to any Dispute (i) waives any right to claim sovereign or other immunity from jurisdiction, recognition or enforcement and any similar argument in any jurisdiction, (ii) submits to the jurisdiction of the English courts and the courts of any other jurisdiction in relation to the recognition of any judgment or order of the English courts or the courts of any competent jurisdiction in relation to any Dispute and (iii) consents to the giving of any relief (whether by way of injunction, attachment, specific performance or other relief) or the issue of any related process, in any jurisdiction, whether before or after final judgment, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Dispute.

17.5 Other documents

The Issuer has in the Agency Agreement 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.

TERMS AND CONDITIONS OF THE VPS NOTES

The following are the Terms and Conditions of the VPS Notes. VPS Notes will not be evidenced by any physical note or document of title other than a statement of account made by the VPS. Ownership of VPS Notes will be recorded and transfer effected only through the book entry system and register maintained by the VPS. The applicable Pricing Supplement in relation to any Tranche of VPS Notes which are Exempt 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 VPS Notes. Reference should be made to "Applicable Final Terms" or "Applicable Pricing Supplement", as applicable, for a description of the content of the Final Terms or Pricing Supplement which will specify which of such terms are to apply in relation to the relevant VPS Notes.

Each VPS Note is one of a Series (as defined below) of VPS Notes issued by Avinor AS (the **Issuer**) and each VPS Note will be issued in accordance with and subject to the trust agreement (such trust agreement as modified and/or supplemented and/or restated from time to time, the **VPS Trustee Agreement**) dated 14 December 2016 made between the Issuer and Nordic Trustee ASA (the **VPS Trustee**, which expression shall include any successor as VPS Trustee). The Issuer and Nordic Trustee ASA have also entered into an agreement for Nordic Trustee ASA to act as calculation agent in respect of VPS Notes (the **Calculation Agent**, which expression shall include any successor or alternative Calculation Agent that may be appointed).

References herein to the **VPS Notes** shall be references to the VPS Notes of the relevant Series and shall mean notes cleared through the Norwegian Central Securities Depository, the *Verdipapirsentralen* (the **VPS**).

The VPS Notes have the benefit of an agency agreement (such agency agreement as amended and/or supplemented and/or restated from time to time, the **VPS Agency Agreement**) dated 15 November 2013 and made between the Issuer and DNB Bank ASA, Verdipapirservice as VPS agent (the **VPS Agent**, which expression shall include any successor VPS agent).

Each Tranche of VPS Notes will be created and held in uncertificated book entry form in accounts with the VPS. The VPS Agent will act as agent of the Issuer in respect of all dealings with the VPS in respect of VPS Notes as detailed in the VPS Agency Agreement.

The final terms for any Tranche of VPS Notes (or the relevant provisions thereof) are set out in Part A of the Final Terms prepared in connection with the relevant Tranche of VPS Notes, which complete these Terms and Conditions of the VPS Notes (the **VPS Conditions**) or, if the relevant VPS Notes are VPS Notes which are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under Directive 2003/71/EC, as amended, (an **Exempt Note**), the final terms (or the relevant provisions thereof) are set out in Part A of the Pricing Supplement and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the VPS Conditions, replace or modify the VPS Conditions for the purposes of the relevant VPS Notes. References to the **applicable Final Terms** are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) prepared in connection with the relevant Tranche of VPS Notes. Any reference in the VPS Conditions to **applicable Final Terms** shall be deemed to include a reference to **applicable Pricing Supplement** where relevant. The expression **Prospectus Directive** means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU and includes any relevant implementing measure in a relevant Member State of the European Economic Area).

The VPS Trustee acts for the benefit of the holders for the time being of the VPS Notes (the **VPS Noteholders** or the **holders of VPS Notes**), in accordance with the provisions of the VPS Trustee Agreement and these VPS Conditions.

As used herein, **Tranche** means VPS Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of VPS Notes together with any further Tranche or Tranches of VPS Notes which are (a) 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.

Copies of the VPS Agency Agreement and the VPS Trustee Agreement are available for inspection during normal business hours at the specified office of the VPS Agent and at the registered office for the time being of the VPS Trustee at the date hereof at Haakon VII Gate 1, 0161, Oslo, Norway. If the VPS Notes are to be admitted to trading on the regulated market of the Luxembourg Stock Exchange the applicable Final Terms will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu). If the VPS Notes are to be admitted to trading on the regulated market of the Oslo Stock Exchange the applicable Final Terms will be published on the website of the Oslo Stock Exchange (www.oslobors.no). If the VPS Notes are Exempt Notes, the applicable Pricing Supplement will only be obtainable by a VPS Noteholder holding one or more VPS Notes and such VPS Noteholder must produce evidence satisfactory to the Issuer and the VPS Agent as to its holding of such VPS Notes and identity.

The VPS Noteholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the VPS Agency Agreement, the VPS Trustee Agreement and the applicable Final Terms which are applicable to them. The statements in the VPS Conditions include summaries of, and are subject to, the detailed provisions of the VPS Agency Agreement and the VPS Trustee Agreement.

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

In the VPS 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.

1. FORM, DENOMINATION AND TITLE

The VPS Notes are in uncertificated book-entry form in the currency (the **Specified Currency**) and the denominations (the **Specified Denomination(s)**) specified in the applicable Final Terms.

VPS Notes of one Specified Denomination may not be exchanged for VPS Notes of another Specified Denomination. VPS Notes will be registered with a separate securities identification code in the VPS.

This VPS Note may be a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note, or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

The holder of a VPS Note will be the person evidenced as such by a book entry in the records of the VPS. The Issuer and the VPS Trustee may rely on a certificate of the VPS or one issued on behalf of the VPS by an account-carrying institution as to a particular person being a VPS Noteholder.

Title to the VPS Notes will pass by registration in the VPS between the direct or indirect accountholders at the VPS in accordance with the rules and procedures of the VPS that are in force from time to time. Where a nominee is so evidenced, it shall be treated by the Issuer as the holder of the relevant VPS Note. Each person (other than Euroclear Bank SA/NV (**Euroclear**) or Clearstream

Banking S.A. (**Clearstream, Luxembourg**)) who is for the time being shown in the records of the VPS as the holder of a particular nominal amount of VPS Notes shall be treated by the Issuer, the VPS Trustee and the VPS Agent as the holder of such nominal amount of such VPS Notes for all purposes.

VPS Notes will be transferable only in accordance with the rules and procedures for the time being of the VPS.

2. STATUS OF THE VPS NOTES

The VPS Notes are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

3. NEGATIVE PLEDGE

3.1 Negative Pledge

So long as any of the VPS Notes remains outstanding (as defined below), the Issuer will not, and the Issuer will procure that none of its Subsidiaries 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 the present or future business, undertaking, assets or revenues (including any uncalled capital) of the Issuer and/or any of its Subsidiaries to secure any Relevant Indebtedness (as defined below) unless the Issuer, in the case of the creation of the 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 VPS Notes are secured by the Security Interest equally and rateably with the Relevant Indebtedness; or
- (b) such other Security Interest or guarantee or other arrangement (whether or not it includes the giving of a Security Interest) is provided as the VPS Noteholders may approve (in accordance with the meeting provisions in the VPS Trustee Agreement).

3.2 Interpretation

In these VPS Conditions:

- (a) **outstanding** means, in relation to the VPS Notes of any Series, all such VPS Notes issued other than:
 - (i) those VPS Notes which have been redeemed and cancelled pursuant to the VPS Conditions;
 - (ii) those VPS Notes in respect of which the date for redemption in accordance with the VPS 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 VPS Conditions after that date) have been duly paid to or to the order of the VPS Agent (and where appropriate notice to that effect has been given to the VPS Noteholders in accordance with the VPS Conditions) and remain available for payment to the holders of the relevant VPS Notes in accordance with their terms and conditions;

- (iii) those VPS Notes which have been purchased and cancelled in accordance with the VPS Conditions; and
 - (iv) those VPS Notes in respect of which claims have become prescribed under the VPS Conditions.
- (b) **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 quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market and (ii) any guarantee or indemnity of any such indebtedness; and
- (c) **Subsidiary** means, in relation to the Issuer, any company (i) in which the Issuer holds a majority of the voting rights, (ii) of which the Issuer is a member and has the right to appoint or remove a majority of the board of directors or (iii) of which the Issuer is a member and controls a majority of the voting rights, and includes any company which is a Subsidiary of a Subsidiary of the Issuer.

4. INTEREST

4.1 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 Final Terms, 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 Final Terms, amount to the Broken Amount so specified.

As used in the VPS 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.

If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Rate of Interest to each Specified Denomination, 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.

In the VPS Conditions:

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 4.1:

- (a) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:
 - (i) in the case of VPS 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 (I) the number of days in such Determination Period and (II) the number

of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

- (ii) in the case of VPS Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (A) 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 (as specified in the applicable Final Terms) that would occur in one calendar year; and
 - (B) 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
- (b) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest 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;

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.

4.2 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:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, 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 Final Terms 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 the VPS 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.

If a Business Day Convention is specified in the applicable Final Terms 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:

- (A) in any case where Specified Periods are specified in accordance with Condition 4.2(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.

In the VPS Conditions, **Business Day** means a day which is:

- (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 London and each Additional Business Centre specified in the applicable Final Terms;
- (b) if TARGET2 System is specified as an Additional Business Centre in the applicable Final Terms, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the TARGET2 System) is open; and
- (c) either (i) 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 (ii) 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 Final Terms.

- (i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will (subject to Condition 4.2(e) below) be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) 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 Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent 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 VPS Notes (the **ISDA Definitions**) and under which:

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

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

If no Minimum Rate of Interest is specified in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(ii) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below and in Condition 4.2(e), be either:

- (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, EURIBOR, NIBOR or STIBOR as specified in the applicable Final Terms) 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 the Specified Time on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Calculation Agent. 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 Calculation Agent 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 (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the Specified Time, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent 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 Calculation Agent 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 Calculation Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent 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

Calculation Agent 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 Calculation Agent 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) or the Norwegian inter-bank market (if the Reference Rate is NIBOR) or the Stockholm inter-bank market (if the Reference Rate is STIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Calculation Agent 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 Calculation Agent 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) or the Norwegian inter-bank market (if the Reference Rate is NIBOR) or the Stockholm inter-bank market (if the Reference Rate is STIBOR) 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).

In this Condition 4.2(b)(ii):

Reference Banks means (w) in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market, (x) in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, (y) in the case of a determination of NIBOR, the principal Oslo office of four major banks in the Oslo inter-bank market or (z) in the case of a determination of STIBOR, the principal Stockholm office of four major banks in the Stockholm inter-bank market, in each case selected by the Calculation Agent or as specified in the applicable Final Terms; and

Specified Time means 11.00 a.m. (London time) if the Reference Rate is LIBOR, 11.00 a.m. (Brussels time) if the Reference Rate is EURIBOR, 11.00 a.m. (Stockholm time) if the Reference Rate is STIBOR or 12.00 noon (Oslo time) if the Reference Rate is NIBOR.

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

If the applicable Final Terms 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 Final Terms 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.

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

The Calculation Agent 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 Calculation Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes in respect of each Specified Denomination for the relevant Interest Period by applying the Rate of Interest to each Specified Denomination, 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.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 4.2:

- (i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, 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 Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, 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 Final Terms, 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 Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

"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;

- (vi) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

"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;

- (vii) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

"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.

(e) Linear Interpolation

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on:

- (i) the relevant Reference Rate (where Screen Rate Determination is specified in the applicable Final Terms as being the manner in which the Rate of Interest is to be determined); or
- (ii) the relevant Floating Rate Option (where ISDA Determination is specified in the applicable Final Terms as being the manner in which the Rate of Interest is to be determined),

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 rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

For the purposes of this Condition 4.2(e) **Designated Maturity** means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(f) Notification of Rate of Interest and Interest Amounts

The Calculation Agent 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, the VPS Agent, the VPS Trustee and any stock exchange on which the relevant Floating Rate Notes are for the time being listed (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 11 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 VPS Noteholders in accordance with Condition 11. 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. The notification of any rate or amount, if applicable, shall be made to the VPS in accordance with and subject to the VPS rules and regulations for the time being in effect.

(g) Determination or Calculation by the VPS Trustee

If for any reason at any relevant time the Calculation Agent defaults in its obligation to determine the Rate of Interest, the VPS Trustee shall determine the Rate of Interest at such rate as (having regard as to the foregoing provisions of this Condition with any consequential amendment it deems, in its reasonable opinion, to be necessary, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms) it shall deem fair and reasonable in all the circumstances or and each such determination or calculation shall be deemed to have been made by the Calculation Agent.

(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 4.2 by the Calculation Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the VPS Agent and all VPS Noteholders and (in the absence of wilful default or bad faith) no liability to the Issuer or the VPS Noteholders shall attach to the Calculation Agent or the VPS Trustee (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

4.3 Accrual of interest

Each VPS Note (or in the case of the redemption of part only of a VPS Note, that part only of such VPS 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:

- (a) the date on which all amounts due in respect of such VPS Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such VPS Note has been received by the VPS Agent and notice to that effect has been given to the VPS Noteholders in accordance with Condition 11.

4.4 Calculation Agent

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in respect of the VPS Notes and for so long as any VPS Note is outstanding. Where more than one Calculation Agent is appointed in respect of the VPS Notes, references in these VPS Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the VPS Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with prior notification to the VPS Trustee) appoint a leading bank or investment banking firm engaged in the inter-bank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

5. PAYMENTS

5.1 Method of payment

Subject as provided below:

- (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 7 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 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7) any law implementing an intergovernmental approach thereto.

5.2 Payments in respect of VPS Notes

Payments of principal and interest in respect of VPS Notes and notification thereof to VPS Noteholders will be made to the VPS Noteholders shown in the records of the VPS and will be effected through and in accordance with and subject to the rules and regulations from time to time governing the VPS.

The VPS Agent and any Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any VPS Noteholder. The Issuer reserves the right at any time, with prior notification to the VPS Trustee, to vary or terminate the appointment of the VPS Agent or the Calculation Agent and to appoint additional or other agents, provided that the Issuer shall at all times maintain (i) a VPS Agent authorised to act as an account operating institution with the VPS, (ii) one or more Calculation Agent(s) where the VPS Conditions so require, and (iii) such other agents as may be required by any stock exchange on which the VPS Notes may be listed.

Notice of any such change or of any change of any specified office shall promptly be given to the VPS Noteholders in accordance with Condition 11.

5.3 Payment Day

If the date for payment of any amount in respect of any VPS Note is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day 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 8) is:

- (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:
 - (i) London;
 - (ii) each Additional Financial Centre (other than the TARGET2 System) specified in the applicable Final Terms;
- (b) if TARGET2 System is specified as an Additional Financial Centre in the applicable Final Terms, a day on which the TARGET2 System is open; and
- (c) either (A) 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 (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

5.4 Interpretation of principal and interest

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

- (a) any additional amounts which may be payable with respect to principal under Condition 7;
- (b) the Final Redemption Amount of the VPS Notes;
- (c) the Early Redemption Amount of the VPS Notes;
- (d) the Optional Redemption Amount(s) (if any) of the VPS Notes;
- (e) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6.6); and
- (f) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the VPS Notes.

Any reference in the VPS Conditions to **interest** in respect of the VPS Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7.

6. REDEMPTION AND PURCHASE

6.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each VPS Note will be redeemed by the Issuer at its Final Redemption Amount (which, in the case of VPS Notes other than Zero Coupon Notes or Exempt Notes, shall be an amount equal to at least 100 per cent. of its nominal amount) specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

6.2 Redemption for tax reasons

Subject to Condition 6.6, the VPS Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if the VPS Notes are not Floating Rate Notes) or on any Interest Payment Date (if the VPS Notes are Floating Rate Notes), on giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the VPS Agent, and, in accordance with Condition 11, the VPS Noteholders (which notice shall be irrevocable), if:

- (a) on the occasion of the next payment due under the VPS Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 7) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the VPS Notes; and
- (b) such obligation cannot be avoided by the Issuer 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 would be obliged to pay such additional amounts were a payment in respect of the VPS Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition 6.2, the Issuer shall deliver to the VPS Trustee to make available at its specified office to the VPS Noteholders (i) a certificate signed by two Directors of the Issuer 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 has or will become obliged to pay such additional amounts as a result of such change or amendment.

VPS Notes redeemed pursuant to this Condition 6.2 will be redeemed at their Early Redemption Amount referred to in Condition 6.6 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

6.3 Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms to the VPS Noteholders in accordance with Condition 11 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or (if redemption in part is specified as being applicable in the applicable Final Terms) some only of the VPS Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. If redemption in part is specified as being applicable in the applicable Final Terms, 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 Final Terms.

In the case of a partial redemption of VPS Notes, the VPS Notes to be redeemed will be selected in accordance with the rules and procedures of the VPS, not more than 30 days prior to the date fixed for redemption.

In this Condition 6.3, **Optional Redemption Amount(s)** means:

- (a) if Reference Bond Basis is specified in the applicable Final Terms, (A) the outstanding principal amount of the relevant Note or (B) if higher, the sum, as determined by the Calculation Agent, of the present values of the remaining scheduled payments of principal and interest on the Notes to be redeemed (not including any portion of such payments of interest accrued to the date of redemption) discounted to the Optional Redemption Date on an annual basis (assuming a 360 day year consisting of twelve 30 day months) at the Reference Rate plus the Optional Redemption Margin specified in the applicable Final Terms, where:

CA Selected Bond means a government security or securities (which, if the Specified Currency is euro, will be a German *Bundesobligationen*) selected by the Calculation Agent as having a maturity comparable to the remaining term of the Notes to be redeemed that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Notes;

Calculation Agent means a leading investment, merchant or commercial bank appointed by the Issuer for the purposes of calculating the Optional Redemption Amount, and notified to the Noteholders in accordance with Condition 11;

Reference Bond means (A) if CA Selected Bond is specified in the applicable Final Terms, the relevant CA Selected Bond or (B) if CA Selected Bond is not specified in the applicable Final Terms, the security specified in the applicable Final Terms;

Reference Bond Price means (i) the average of five Reference Market Maker Quotations for the relevant Optional Redemption Date, after excluding the highest and lowest Reference Market Maker Quotations, (ii) if the Calculation Agent obtains fewer than five, but more than one, such Reference Market Maker Quotations, the average of all such quotations, or (iii) if only one such Reference Market Maker Quotation is obtained, the amount of the Reference Market Maker Quotation so obtained;

Reference Market Maker Quotations means, with respect to each Reference Market Maker and any Optional Redemption Date, the average, as determined by the Calculation Agent, of the bid and asked prices for the Reference Bond (expressed in each case as a percentage of its principal amount) quoted in writing to the Calculation Agent at the Quotation Time specified in the applicable Final Terms on the Reference Rate Determination Day specified in the applicable Final Terms;

Reference Market Makers means five brokers or market makers of securities such as the Reference Bond selected by the Calculation Agent or such other five persons operating in the market for securities such as the Reference Bond as are selected by the Calculation Agent in consultation with the Issuer; and

Reference Rate means, with respect to any Optional Redemption Date, the rate per annum equal to the equivalent yield to maturity of the Reference Bond, calculated using a price for the Reference Bond (expressed as a percentage of its principal amount) equal to the Reference Bond Price for such Optional Redemption Date. The Reference Rate will be calculated on the Reference Rate Determination Day specified in the applicable Final Terms; or

- (b) if Reference Bond Basis is not specified in the applicable Final Terms, such amount(s) as are specified in, or determined in the manner specified in, these VPS Conditions as completed by the applicable Final Terms.

6.4 Redemption at the option of the VPS Noteholders (Investor Put)

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any VPS Note giving to the Issuer in accordance with Condition 11 not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms, the Issuer will, upon the expiry of such notice, redeem such VPS 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 the relevant VPS Note under this Condition 6.4 the holder of the relevant VPS Note must, within the notice period, give notice (a **Put Notice**) to the VPS Agent of such exercise in accordance with the standard procedures of the VPS from time to time.

Any Put Notice given by a holder of any VPS Note pursuant to this Condition 6.4 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 6.4 and instead to declare such VPS Note forthwith due and payable pursuant to Condition 9.

6.5 Redemption at the option of the VPS Noteholders (Change of Control Put Event)

If Change of Control Put is specified as being applicable in the applicable Final Terms and at any time while any VPS Note remains outstanding a Change of Control occurs, the holder of each VPS Note will have the option (the **Change of Control Put Option**) (unless, prior to the giving of the Change of Control Put Event Notice (as defined below), the Issuer gives notice of its intention to

redeem the VPS Notes under Condition 6.2) to require the Issuer to redeem or, at the Issuer's option, to purchase (or procure the purchase of) that VPS Note on the date (the **Optional Redemption Date (Change of Control)**) which is the seventh day after the last day of the Put Period (as defined below) at its principal amount together with (or, where purchased, together with an amount equal to) accrued interest to but excluding the Optional Redemption Date (Change of Control).

A **Change of Control** shall be deemed to occur if the Kingdom of Norway ceases to (a) own, directly or indirectly, 100 per cent. of the issued share capital of the Issuer, or (b) control the Issuer, and for the purposes of this definition **control** means the power to direct the management and policies of the Issuer or to control the composition of its board of directors or other equivalent body, whether through the ownership of share capital, by contract or otherwise.

If a Change of Control occurs the Issuer shall, within 14 days of the occurrence of the Change of Control, give notice (a **Change of Control Put Event Notice**) to the VPS Noteholders in accordance with Condition 11 specifying the nature of the Change of Control and the circumstances giving rise to it and the procedure for exercising the option contained in this Condition 6.5.

To exercise the right to require redemption or, as the case may be, purchase of the relevant VPS Note under this Condition 6.5 the holder of the relevant VPS Note must, within the period (the **Put Period**) of 45 days after that on which a Change of Control Put Event Notice is given, give notice (a **Put Exercise Notice**) to the VPS Agent of such exercise in accordance with the standard procedures of the VPS from time to time.

Any Put Exercise Notice given by a holder of any VPS Note pursuant to this Condition 6.5 shall be irrevocable except where, prior to the due date of redemption or purchase, as applicable, 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 Put Exercise Notice given pursuant to this Condition 6.5 and instead to declare such VPS Note forthwith due and payable pursuant to Condition 9.

6.6 Early Redemption Amounts

For the purpose of Condition 6.2 above and Condition 9:

- (a) each Note (other than a Zero Coupon Note) will be redeemed at its Early Redemption Amount; and
- (b) each Zero Coupon Note will be redeemed at its Early Redemption Amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

^y is the Day Count Fraction specified in the applicable Final Terms 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 VPS Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such VPS 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 VPS Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such VPS 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 VPS Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such VPS Note becomes due and repayable and the denominator will be 365)

6.7 Purchases

The Issuer or any Subsidiary of the Issuer may at any time purchase VPS Notes at any price in the open market or otherwise.

6.8 Cancellation

All VPS Notes purchased by the Issuer or any of its Subsidiaries may be held, reissued, resold or, at the option of the Issuer, cancelled by the VPS Agent causing such VPS Notes to be deleted from the records of the VPS.

6.9 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 6.1, 6.2, 6.3, 6.4 or 6.5 above or upon its becoming due and repayable as provided in Condition 9 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 6.6(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:

- (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 VPS and notice to that effect has been given to the VPS Noteholders in accordance with Condition 11.

7. TAXATION

All payments of principal and interest in respect of the VPS Notes by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the VPS 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 VPS Notes in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any VPS Note the holder of which is liable for such taxes or duties in respect of such VPS Note by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such VPS Note.

As used herein, **Tax Jurisdiction** means the Kingdom of Norway or any political subdivision or any authority thereof or therein having power to tax.

8. PRESCRIPTION

The VPS 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 therefor.

As used in the VPS Conditions, **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the VPS Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the VPS Noteholders in accordance with Condition 11.

9. EVENTS OF DEFAULT

9.1 Events of Default

If any one or more of the following events (each an **Event of Default**) shall occur and be continuing:

- (a) if default is made in the payment in the Specified Currency of any principal or interest due in respect of the VPS Notes or any of them and the default continues for a period of seven days (in the case of principal) or 14 days (in the case of interest); or
- (b) if the Issuer fails to perform or observe any of its other obligations under the VPS Conditions and (except in any case where the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by a VPS Noteholder on the Issuer of notice, addressed by the relevant VPS Noteholder to the Issuer and delivered to the Issuer or the VPS Agent, requiring the same to be remedied; or
- (c) if (i) any Indebtedness for Borrowed Money (as defined below) of the Issuer or any of its Material Subsidiaries is declared or otherwise becomes due and repayable prematurely by reason of an event of default (however described); (ii) the Issuer or any of its Material Subsidiaries fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment (after the expiry of any originally applicable grace period); (iii) any security given by the Issuer or any of its Material Subsidiaries for any Indebtedness for Borrowed Money becomes enforceable; or (iv) default is made by the Issuer or any of its Material Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person; provided that no event described in this Condition 9.1(c) shall constitute an Event of Default unless the relevant amount of Indebtedness for Borrowed Money or other relative liability due and unpaid, either alone or when aggregated (without duplication) with other amounts of Indebtedness for Borrowed Money and/or other liabilities due and unpaid relative to all (if any) other events specified in (i) to (iv) above, amounts to at least €20,000,000 (or its equivalent in any other currency); or
- (d) if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer or any of its Material Subsidiaries, save (i) for the purposes of reorganisation on terms previously approved by the VPS Noteholders (in accordance with the meeting provisions in the VPS Trustee Agreement) or (ii) in the case of a Material Subsidiary of the Issuer, in connection with a Permitted Reorganisation; or
- (e) if (i) the Issuer ceases or threatens to cease to carry on the whole or a substantial part of its business, or if any of the Issuer's Material Subsidiaries ceases or threatens to cease to carry on the whole or substantially the whole of its business, save in each case (A) for the

purposes of reorganisation on terms previously approved by an Extraordinary Resolution or (B) in connection with a Permitted Reorganisation or a Permitted Disposal, or (ii) the Issuer or any of its Material Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or

- (f) if (A) proceedings are initiated against the Issuer or any of its Material Subsidiaries 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 or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or any of its Material Subsidiaries or, as the case may be, in relation to the whole or a substantial part of the undertaking or assets of any of them, or an encumbrance takes possession of the whole or a substantial part 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 a substantial part of the undertaking or assets of any of them and (B) in any case (other than the appointment of an administrator) is not discharged within 45 days; or
- (g) if the Issuer or any of its Material Subsidiaries initiates or consents to judicial proceedings relating to itself under any 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 any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors),

then any holder of a VPS Note may, by written notice addressed by the holder of the relevant VPS Note to the Issuer and delivered to the Issuer or the specified office of the VPS Trustee, effective upon the date of receipt thereof by the Issuer or the VPS Trustee, as applicable, declare any VPS 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.

9.2 Definitions

For the purposes of the VPS Conditions:

- (a) **Indebtedness for Borrowed Money** means any 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 or any borrowed money or any liability under or in respect of any acceptance or acceptance credit;
- (b) **Material Subsidiary** means at any time a Subsidiary of the Issuer:
 - (i) whose total operating income (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent in each case (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, are equal to) not less than five (5) per cent. of the consolidated total operating income of the Issuer, or, as the case may be, consolidated total assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited

accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated accounts of the Issuer and its Subsidiaries, provided that in the case of a Subsidiary of the Issuer acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, the reference to the then latest audited consolidated accounts of the Issuer and its Subsidiaries for the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by the Issuer:

- (ii) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately prior to such transfer is a Material Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Material Subsidiary and the transferee Subsidiary shall cease to be a Material Subsidiary pursuant to this subparagraph (ii) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (i) above or, prior to or after such date, by virtue of any other applicable provision of this definition; or
 - (iii) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, generated (or, in the case of the transferee Subsidiary being acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, generate operating income equal to) not less than five (5) per cent. of the consolidated total operating income of the Issuer, or represent (or, in the case aforesaid, are equal to) not less than five (5) per cent. of the consolidated total assets of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (i) above, provided that the transferor Subsidiary (if a Material Subsidiary) shall upon such transfer forthwith cease to be a Material Subsidiary unless immediately following such transfer its undertaking and assets generate (or, in the case aforesaid, generate operating income equal to) not less than five (5) per cent. of the consolidated total operating income of the Issuer, or its assets represent (or, in the case aforesaid, are equal to) not less than five (5) per cent. of the consolidated total assets of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (i) above, and the transferee Subsidiary shall cease to be a Material Subsidiary pursuant to this subparagraph (iii) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (i) above or, prior to or after such date, by virtue of any other applicable provision of this definition;
- (c) **Permitted Disposal** means a disposal of any or all of the Issuer's air navigation services division on arm's length terms; and

- (d) **Permitted Reorganisation** means any disposal by any of the Issuer's Subsidiaries or (for the purposes of Condition 9.1(e)(i) only) the Issuer (such entity the disposing entity), to the Issuer or any of other Subsidiary of the Issuer, of the whole or substantially the whole of the disposing entity's business.

10. TRANSFER AND EXCHANGE OF VPS NOTES

10.1 Transfers of Interests in VPS Notes

Settlement of sale and purchase transactions in respect of VPS Notes will take place two Oslo Business Days after the date of the relevant transaction. VPS Notes may be transferred between accountholders at the VPS in accordance with the procedures and regulations, for the time being, of the VPS. A transfer of VPS Notes which is held in the VPS through Euroclear or Clearstream, Luxembourg is only possible by using an account operator linked to the VPS.

For the purposes of this Condition 10.1, **Oslo Business Day** means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for general business (including dealing in foreign exchange and foreign currency deposits) in Oslo.

10.2 Registration of transfer upon partial redemption

In the event of a partial redemption of VPS Notes under Condition 6, the Issuer shall not be required to register the transfer of any VPS Note, or part of a VPS Note, called for partial redemption.

10.3 Costs of registration and administration of the VPS Register

VPS Noteholders will not be required to bear the costs and expenses of effecting any registration, transfer or administration in relation to the register maintained by the VPS, except for any costs or expenses of delivery other than by regular uninsured mail and except 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.

11. NOTICES

Notices to the VPS Noteholders shall be valid if the relevant notice is given to the VPS for communication by it to the VPS Noteholders and, so long as the VPS Notes are listed on a stock exchange, the Issuer shall ensure that notices are duly published in a manner which complies with the rules of such exchange (which shall include, if and for so long as the VPS Notes are (a) admitted to trading on, and listed on the Official List of, the Luxembourg Stock Exchange and the rules of that exchange so require, publication in a daily newspaper of general circulation in Luxembourg and/or on the Luxembourg Stock Exchange's website (www.bourse.lu), and/or (b) admitted to trading on, and listed on, the regulated market of the Oslo Stock Exchange and the rules of that exchange so require, publication in a daily newspaper of general circulation in Oslo and/or on the Oslo Stock Exchange's website (www.oslobors.no). Any such notice shall be deemed to have been given on the date one day after delivery to the VPS.

12. MEETINGS OF VPS NOTEHOLDERS AND MODIFICATION

12.1 Provisions with respect to holders of VPS Notes

The VPS Trustee Agreement contains provisions for convening meetings of the VPS Noteholders to consider any matter affecting their interests, including sanctioning resolutions by a majority of votes (or, in the case of any waiver or amendment of any terms of the VPS Conditions or the VPS Trustee Agreement, sanctioning by a majority of two thirds of votes). Such a meeting may be convened by

the Issuer, the VPS Trustee, Oslo Stock Exchange or by VPS Noteholders holding not less than 10 per cent. of the Voting VPS Notes.

For the purpose of this Condition 12.1, **Voting VPS Notes** means the aggregate nominal amount of the total number of VPS Notes not redeemed or otherwise deregistered in the VPS, less the VPS Notes owned by the Issuer, any party who has decisive influence over the Issuer or any party over whom the Issuer has decisive influence.

The quorum at a meeting for passing a resolution is one or more persons holding at least one half of the Voting VPS Notes or at any adjourned meeting one or more persons being or representing holders of Voting VPS Notes whatever the nominal amount of the VPS Notes so held or represented. A resolution passed at any meeting of the VPS Noteholders shall be binding on all the VPS Noteholders, whether or not they are present at such meeting.

12.2 Modification

The VPS Trustee Agreement provides that:

- (a) the VPS Trustee may in certain circumstances, without the consent of the VPS Noteholders, make decisions binding on all VPS Noteholders relating to the VPS Conditions or the VPS Trustee Agreement including amendments that are not, in the VPS Trustee's opinion, materially prejudicial to the interests of the VPS Noteholders; and
- (b) that the VPS Trustee may reach decisions binding on all VPS Noteholders.

13. VPS TRUSTEE

The VPS Trustee Agreement contains provisions for the indemnification of the VPS Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured to its satisfaction. VPS Noteholders are deemed to have accepted and will be bound by the VPS Conditions and the terms of the VPS Trustee Agreement.

14. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the VPS Noteholders to create and issue further notes having terms and conditions the same as the VPS 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 so that the same shall be consolidated and form a single Series with the outstanding VPS Notes.

15. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this VPS 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.

16. GOVERNING LAW AND SUBMISSION TO JURISDICTION

16.1 Governing law

The VPS Notes (and any non-contractual obligations arising out of or in connection with the VPS Notes) are governed by, and shall be construed in accordance with, English law, save that VPS Conditions 2, 12, 13 and 14 (and any non-contractual obligations arising out of or in connection with

VPS Conditions 2, 12, 13 and 14) are governed by, and shall be construed in accordance with, Norwegian law.

The VPS Trustee Agreement and the VPS Agency Agreement (and any non-contractual obligations arising out of or in connection with the VPS Trustee Agreement and VPS Agency Agreement) are governed by, and shall be construed in accordance with, Norwegian law.

VPS Notes must comply with the Norwegian Securities Register Act of 5 July 2002 No. 64, as amended from time to time, and the holders of VPS Notes will be entitled to the rights and are subject to the obligations and liabilities which arise under this Act and any related regulations and legislation.

16.2 Submission to jurisdiction

- (a) Subject to Condition 16.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the VPS 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 VPS Notes (a **Dispute**) and accordingly each of the Issuer and any VPS Noteholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.
- (b) For the purposes of this Condition 16.2, 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 VPS 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.

16.3 Appointment of Process Agent

The Issuer irrevocably appoints Saville & Co. Notaries at One Carey Lane, London EC2V 8AE 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 Saville & Co. Notaries 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.

16.4 Waiver of immunity

The Issuer irrevocably and unconditionally with respect to any Dispute (i) waives any right to claim sovereign or other immunity from jurisdiction, recognition or enforcement and any similar argument in any jurisdiction, (ii) submits to the jurisdiction of the English courts and the courts of any other jurisdiction in relation to the recognition of any judgment or order of the English courts or the courts of any competent jurisdiction in relation to any Dispute and (iii) consents to the giving of any relief (whether by way of injunction, attachment, specific performance or other relief) or the issue of any related process, in any jurisdiction, whether before or after final judgment, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Dispute.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes, which include making a profit.

DESCRIPTION OF THE ISSUER

History

The Issuer was incorporated on 12 December 2002 as a limited liability company organised under the laws of Norway. It is registered in the Norwegian Companies Registry with registration number 985 198 292. Its registered address is Dronning Eufemias gt. 6, N-0191 Oslo, Norway and its telephone number is +47 815 30 550.

Business

Overview

Avinor's goal is to facilitate safe, environmentally friendly and efficient aviation in all parts of the country. Financially, the airport operations are managed as a single unit, which means that the financially profitable airports finance the financially unprofitable airports. The air navigation service is self-financed through fixed pricing for its services. In 2012 a performance-based price system was introduced in Europe, with risk sharing with the customers. In December 2014 the Ministry of Transport and Communications (the **MTC**) resolved to extend the contract with Avinor through its subsidiary Avinor Flysikring AS, as the provider of air traffic services in Norwegian air space.

Avinor has two primary business areas, the operation of a nationwide network of airports and the national air navigation service for civilian and military aviation. This encompasses 46 airports in Norway, as well as control towers, control centres and technical infrastructure. Avinor operates airports together with the Norwegian armed forces. Arrangements are being made to facilitate commercial revenue streams from airport hotels, car parks, duty free shops, food and beverage services and other services for air passengers.

The shares in the Issuer are wholly-owned by the Norwegian state as represented by the MTC. The MTC manages the Norwegian state's ownership of Avinor, and determines, for example, special duties imposed on the Group by society, the required rate of return and dividends. In addition, the MTC regulates the aviation fees. The MTC is the highest authority for Norwegian aviation and also lays down the Civil Aviation Authority's regulations that have consequences for Avinor's operations. Avinor's head office is located in Oslo.

Operation of airports

Aviation employs between 60,000 and 65,000 people in Norway and plays an important role in regional growth and accessibility to regional centres. Overall, the impact of aviation is equivalent to 2 per cent. of Norway's GDP. There are over 200 direct connections between Avinor's airports and international destinations, and the number of direct intercontinental routes is expected to triple over the next ten years. Of all domestic trips approximately 13 per cent. are related to the oil and gas sector. Around 600,000 helicopter flights are completed each year to installations on the Norwegian continental shelf. The importance of aviation to Norwegian tourism is substantial and increasing, with approximately 34 per cent. of tourists visiting Norway arriving by air, with air figures expected to increase. Spending by air tourists in Norway amounts to around NOK 13 billion. Aviation is also of vital importance to the health sector in Norway, with approximately 400,000 patients transported on scheduled flights and 30,000 air ambulance flights each year. In addition, around 150,000 journeys are completed each year with assistance for passengers with reduced mobility. Aviation's importance to the health sector is greatest in northern Norway and the location of hospitals is partly based on the availability of air transport.

The map below shows Avinor's airports:



Operation

Airport operations

Airport operations include operation, maintenance and development of 46 Norwegian airports. Operations are organised in three segments. Oslo Airport (**OSL**) is the largest and is an international hub. Large airports, comprising Bergen, Stavanger and Trondheim are international airports. National, regional and local airports comprise four national (regional hubs with some scheduled international traffic), nine regional (mainly domestic traffic, some international charters and scheduled traffic) and 29 local airports respectively.

Airport operations have two main sources of income, being traffic-related revenues (take-off, passenger, terminal navigation, and security charges) and commercial revenues (including duty-free, parking, shops, food and beverage and hotels).

Core tasks are connected with the operation and management of the terminal building, aircraft parking, ground staff, fire and rescue, access control, as well as varying levels of outsourcing of services relating to ground handling, fuel and baggage.

The security service is primarily outsourced to subcontractors (Nokas and Securitas).

Under Directive 2009/12/EC of the European Parliament and of the Council of 11 March 2009 relating to airport charges, the level of charges, operation of the system and, as appropriate, the quality of service provided, shall be subject to consultation with the airport users or representatives of associations. The airport operator should legitimise any changes to airport charges (level or structure) with underlying forecasts

concerning costs, commercial revenue and traffic. The airport operator should consult with airport users before plans for new infrastructure projects are finalised.

There is an ongoing disagreement between the Norwegian armed forces and Avinor regarding the distribution of costs at airports where the parties have joint operations. Avinor has, based on estimates, taken this into account in its annual and interim financial statements.

As a result of the Norwegian Parliament's resolution to phase out the activities of the Norwegian Armed Forces at its current base at Bodø Airport and to establish a new fighter plane base for the Norwegian Armed Forces at Ørland, Avinor was asked by the Norwegian government in 2014 to assume responsibility for airport operations at Bodø Airport by 1 August 2016. The takeover of operations was carried out on this date, according to plan. However, ownership of real estate and facilities was not transferred in connection with the takeover of operations, and a provisional rental agreement has been entered into. The price for the rental agreement and compensation from any later purchases will be stipulated by judicial appraisal and remains undetermined. Avinor is also still awaiting clarification of terms from the authorities regarding the takeover of ownership of real estate and facilities at Bodø Airport .

All activity by the Norwegian Armed Forces' at Bodø Airport is set to cease on or before 1 January 2022, and it is yet to be determined whether civic operations will continue at the existing Bodø Airport, or whether the existing airport will be replaced by a new airport on the property vacated by the Norwegian Armed Forces. With Proposition 151 S(2015-2016), which was presented on 17 June 2016, the Norwegian government has signalled that the increase in value of the area that has become available as a result of the proposed airport move will help finance a new civic airport in Bodø. The Norwegian Defence Estates Agency has been assigned to lead work on developing an overall state property strategy for the area, which will highlight future cash flows and contribute to a financing plan for a new civic airport. This work is set to be completed by the end of the year and will be part of the National Transportation Plan process. The proposal to build a new airport in Bodø will then be discussed in the Norwegian Parliament in the first half of 2017 as part of the National Transportation Plan. As a result of the ongoing review process, there is considerable uncertainty with regards to Avinor's future costs relating to property and facilities for airport operation in Bodø.

Market in brief

The top 5 airline customers are SAS, Norwegian, Widerøe, KLM and Lufthansa and they contributed to approximately 90 per cent. of 2015 traffic income revenues on scheduled route and charter flights. SAS alone represented approximately 40 per cent. of traffic income and approximately 40 per cent. of passenger traffic in 2015. Commercially, all customers are treated equally when considering the charges and incentives programs. Domestic passengers represented approximately 60 per cent. of Avinor's total passengers in 2015.

The key catchment area of Avinor's network of airports is the entire Norwegian territory, although the Oslo region represents the most important catchment area. The population of Norway is forecasted to increase from 5.2 million in 2015 to 5.4 million in 2020 which is expected to support air travel demand.

Commercial activities

A significant part of the Group's real estate portfolio is structured to be held in special purpose vehicles (SPVs). The portfolio currently includes four hotels, four parking houses and one office building.

The four hotels are leased to Nordic and international operators including Choice, Rezidor and Scandic. The hotels are all situated adjacent to terminal doors, a maximum of five minutes walking distance to/from check in and arrival halls. On average, the hotels have an annual occupancy level of 70 to 80 per cent.

The office building is a six-storey building next to the terminal building at Oslo Airport, Gardermoen. The office space is primarily owner occupied but also partly let to external tenants operating business and services at the airport.

Avinor, and its real estate investment company Avinor Utvikling AS, are in the process of restructuring the Group's real estate portfolio into separate SPVs to be held by Avinor Utvikling AS. The purpose of this restructuring is to strengthen future asset management and to prepare for possible sales of assets as part of the asset management strategy. The purpose of Avinor Utvikling AS is to further develop real estate surrounding the largest airports.

The purpose of Avinor Parkeringsanlegg AS (**APAS**) is to facilitate, fund and own car parks and associated facilities adjacent to airports. APAS currently owns car parks at Stavanger, Bergen and Trondheim airports. The car parks are all let to Avinor AS, which has outsourced the parking operations to external operators through concession fee based lease agreements. A merger of APAS into Avinor AS has been resolved, and is expected to be effective in December 2016.

Air navigation service

Norway is one of four countries (together with Spain, Iceland and Finland) which has an integrated model where airport operations and air navigation operations are run by the same company. Avinor Air Navigation Services (**ANS**) (legal name Avinor Flysikring AS) is a wholly owned subsidiary of the Issuer. ANS is an integrated part of the Group, but its organisation ensures clear separation between air navigation services and the other operations of the Group.

ANS's activities are divided into three business areas: En-route Services, Tower Services and System Operations.

En-route Services provides air traffic control services in Norwegian airspace and in large parts of the North Atlantic. The services are provided by approximately 350 employees at ANS's Air Traffic Control Centres located in Stavanger, Røyken and Bodø. The main customers are Norwegian and international airlines, the Norwegian armed forces and the airports for which ANS provides approach control.

Tower Services provides air traffic control services, flight information services and alerting services at 20 control towers.

The control towers are responsible for managing air traffic at and in the vicinity of the airports, and for ensuring safe and efficient traffic management. Customers for Tower Services are the Group's airports and the Norwegian armed forces and private airports.

System Operations operates technical equipment for both airports and air traffic services. This includes operation and maintenance of air navigation systems within Communications, Navigation and Surveillance (CNS), Air Traffic Management (ATM), Air Traffic Services (ATS), Aeronautical Information Service (AIS) and Meteorological Services (MET). Services are provided to 52 airports in Norway. Other customers include the Norwegian armed forces, power companies and other air navigation service providers in the Nordic countries.

ANS is self financed at arm's length to the rest of the Group. ANS's prices for Tower Services and System Operations are cost based. ANS's En-route Services are part of a European performance plan, with fixed prices for the next five years and a risk sharing model with our customers related to traffic development.

ANS has been appointed by the MTC to provide En-route Services until December 2024 and Tower Services until 2017.

Planned and on-going development projects

Terminal 2 at Gardermoen

Due to increased traffic at Oslo airport, Gardermoen, and in order to be able to handle 28 million passengers a year, in 2011 the board of Avinor decided to construct a second terminal (Terminal 2) at Oslo airport. The new terminal will allow for more aircraft and also have new departure and arrival areas, a new baggage handling facility and larger commercial areas. The new terminal is planned to open in April 2017.

Expansion of non-Schengen capacity at Oslo airport

The development of Terminal 2 at Oslo airport will not provide more capacity for flights and passengers from outside the Schengen area. The non-Schengen area within Oslo airport is currently operating at capacity. In order to increase capacity, an expansion of the existing terminal and the establishment of new aircraft parking are planned. The board of Avinor decided in June 2016 to start airside development preparations pending the final decision to commence. The final decision to commence is pending financing for the project.

Enhancement of airside capacity at Oslo airport

To accommodate growth, Oslo airport also needs to develop airside capacity. Several airside investments are planned to achieve necessary capacity and increase potential slots per hour. This includes new quick exits from the runways, new taxiways and improved de-icing capability. The enhancements have a total cost estimate of NOK 1.2 billion. A decision to commence is pending financing for the projects.

New terminal at Bergen airport

In March 2014, Avinor decided to invest in a new second terminal at Bergen airport, Flesland. The construction has a cost estimate of NOK 4.7 billion. The new expansion will include a new central building with new departure and arrival areas, and will enable Bergen airport to handle between 7.5 million and 10 million passengers a year, close to doubling the current capacity. The development is expected to be completed on 17 August 2017.

Airside aircraft parking capacity at Bergen airport

In order to achieve the necessary capacity of aircraft parking at Bergen airport, the old operations building will be demolished. Demolition of the operations building requires a new fire station to be built, construction of which is planned, but is pending financing before the decision to commence.

Rebuild of existing terminal at Bergen airport

Bergen airport is planning to rebuild the existing terminal, when the new terminal is completed. The rebuild will optimise solutions and areas to match the new passenger logistics, improve and create new facilities for passengers and airlines and increase lounge capacity. A decision to commence the rebuild is pending financing.

Expansion of Stavanger airport

The existing terminal at Stavanger airport, Sola, is currently operating at capacity. In order to be able to handle around 5 million passengers, several developments are ongoing to increase the necessary capacity. Capacity in baggage handling, arrival areas, security areas and all domestic areas will be expanded. The expansion will be completed in 2018.

Terminal expansion of Trondheim airport

Trondheim airport, Værnes, currently has a terminal capacity of 5 million passengers. To meet the expected increase in traffic, building of a new terminal is planned. A new terminal will increase capacity to 8 million passengers. The expansion is planned to be built in phases and has an estimated cost of NOK 1.4 billion. A decision to commence the expansion is pending financing for the project.

Expansions at Tromsø airport

In order to meet the expected increase in traffic at Tromsø airport, Langnes, a terminal expansion is being planned. Airside infrastructure will also be enhanced. A decision to commence the expansion is pending financing for the project.

Remote Towers

The board of Avinor decided in June 2015 to start the Remote Tower project. Remote towers facilitate air traffic management around a runway through the use of a series of powerful cameras. The cameras are operated by air traffic controllers who, from a remote location, guide aircrafts to the runway in question. Remote towers will lead to a more efficient operation of tower services leading to lower costs for Avinor. The Remote Tower project phase 1 will be completed in the period 2016-2020 and will introduce remote control and tower services at up to 15 airports, from one tower centre in Bodø.

Surveillance

Current radar constructions are old and require replacement. A project to replace all current radars with WAM and ADS-B technology is currently ongoing. The project will be completed in 2018.

Air Traffic Management (ATM) system

Fulfilment of obligations towards the, pan-European aviation collaboration, Single European Sky, will require enhancements to the ATM technology used for Area Control Centre, Approach and Tower services. A project to acquire a new ATM system to ensure that Avinor still meets minimum regulatory requirements in the single European airspace is in the planning phase.

Dividend Adjustment

In 2014 the MTC, as Avinor's sole shareholder, decided to apply temporary restrictions on the dividends that it receives from Avinor. According to the press release and information given to the Parliament, the dividends that the MTC receives for the fiscal years 2014 to 2017 are to be restricted to 50 per cent. of profits after tax and no dividends will be taken from profits after tax exceeding NOK 1 billion for each year. Effectively this caps Avinor's dividend payments at NOK 500 million for these years, having practical effect in the subsequent year to which dividends are paid.

Organisational Structure

Description of the Group

Avinor's role in society is to own, operate and develop a national network of airports for the civilian sector and a joint air navigation service for the civilian and military sectors. Avinor's operations are required to be carried out in a safe, efficient and environmentally-friendly manner and provide good availability for all groups of travellers. The operations may be run by the company itself, by wholly-owned subsidiaries, or by other companies it has interests in or cooperates with.

The consolidated financial statements of the Group include the following subsidiaries:

Directly owned subsidiaries	Home country	Business office	Main business	Ownership/voting shares (per cent.)
			Air Navigation	
Avinor Flysikring AS	Norway	Oslo	Services	100
Avinor Utvikling AS	Norway	Oslo	Holding	100
Avinors Parkeringsanlegg AS	Norway	Oslo	Parking	100
Svalbard Lufthavn AS	Norway	Longyearbyen	Airport operations	100
Oslo Lufthavn Tele & Data AS*	Norway	Ullensaker	IKT infrastructure	100
Indirectly owned subsidiaries (Owned by Avinor Utvikling AS)				
		Oslo		
Hotel Østre AS	Norway	Oslo	Real-estate	100
Tomteselskap Hotel Østre AS	Norway	Oslo	Real-estate	100
Flyporten AS	Norway	Oslo	Real-estate	100
Tomteselskap Flyporten AS	Norway	Oslo	Real-estate	100
Flesland Eiendom AS	Norway	Oslo	Real estate	100
Værnes Eiendom AS	Norway	Oslo	Real estate	100
Sola Hotel Eiendom AS	Norway	Oslo	Real estate	100
Hell Eiendom AS	Norway	Oslo	Real estate	100

Oslo Lufthavn Tele & Data AS was until 2015 owned 50 % by Avinor AS and Telenor AS. As from December 2015 the company is owned 100 % by Avinor AS.

Issuer dependent on other entities

Outstanding accounts between companies in the Group (*in million NOK*):

	Avinor	Oslo	Avinors parker-	Flesland	Værnes	Sola Hotel	Hell
Avinor AS at 31 December 2015	Flysikring AS	Lufthavn AS	ingselskap AS	Eiendom AS	Eiendom AS	Eiendom AS	Eiendom AS
Loans to group companies	0,0	7 571,3	0,0	0,0	0,0	0,0	0,0
Intra-group receivables	95,6	25,1	25,4	0,3	0,2	0,2	0,2
Total	95,6	7 596,4	25,4	0,3	0,2	0,2	0,2
Other short-term intra-group liability	574,1	147,9	120,4	80,6	55,8	81,2	16,7
Total	574,1	147,9	120,4	80,6	55,8	81,2	16,7

	Avinor	Hotell	Hotell Østre	Flyporten	Tomte-	Oslo Lufthavn	
Avinor AS at 31 December 2015 cont.	Utvikling AS	Østre AS	Flyporten AS	Tomteselskap AS	selskap AS	Tele & Data AS	Sum
Loans to group companies	0	0,0	0,0	0,0	0,0	0,0	7 571,3
Intra-group receivables	-8,5	0,0	1,7	0,0	0,0	0,0	140,2
Total	-8,5	0,0	1,7	0,0	0,0	0,0	7 711,5
Other short-term intra-group liability	1488,2	23,5	8,2	146,2	35,3	0,0	2 778,1
Total	1 488,2	23,5	8,2	146,2	35,3	0,0	2 778,1

Avinor is dependent upon operating profit from its subsidiaries. In 2015, operating profit of the Group was (in million NOK) 3,232,5, of which 2,335.8 was generated by Oslo Lufthavn AS. Other directly and indirectly owned subsidiaries are of less importance to the Issuer when it comes to operating profit.

Shareholders

Ownership

As of the date hereof, the share capital of Avinor AS was NOK 5,400,100,000, divided into 540,010 shares, each with a par value of NOK 10,000. Avinor's equity at any given time shall correspond to at least 40 per cent. of the sum total of the Company's long-term current interest-bearing debt and equity according to Avinor's Articles of Association.

Avinor AS is a wholly state-owned limited company. The Shareholders' rights are safeguarded by the responsible cabinet minister or his deputy at the General Meeting.

Change in control of the Issuer

There are no arrangements, known to the Issuer, the operation of which may at a subsequent date result in a change in control of the Issuer.

Administrative, management and supervisory bodies

Board of directors

The table below set out the names of the members of the Board of Directors of the Avinor:

Name	Position	Business address
Ola Mørkved Rinnan	Chairman	Avinor AS, P.O. Box 150, N-2061 Gardermoen, Norway
Ola Henrik Strand	Vice Chairman	Avinor AS, P.O. Box 150, N-2061 Gardermoen, Norway
Eli Skrøvset	Board member	Avinor AS, P.O. Box 150, N-2061 Gardermoen, Norway
Linda B. Silseth	Board member	Avinor AS, P.O. Box 150, N-2061 Gardermoen, Norway
Herlof Nilssen	Board member	Avinor AS, P.O. Box 150, N-2061 Gardermoen, Norway
Tone Lindberg	Board member	Avinor AS, P.O. Box 150, N-2061 Gardermoen, Norway
Per Erik Nordsveen	Employee-elected Board member	Avinor AS, P.O. Box 150, N-2061 Gardermoen, Norway
Bjørn Tore Mikkelsen	Employee-elected Board member	Avinor AS, P.O. Box 150, N-2061 Gardermoen, Norway
Grete Ovnerud	Employee-elected Board member	Avinor AS, P.O. Box 150, N-2061 Gardermoen, Norway
Heidi Anette Sørum	Employee-elected Board member	Avinor AS, P.O. Box 150, N-2061 Gardermoen, Norway

Ola Mørkved Rinnan, Chairman

Born: 1949

Position: Former CEO, Eidsiva Energi AS

Education: Bachelor in Economics, NHH 1985; Engineer, NTNU 1972

Board member since: 2010

Other directorships: Board member of: Espern AS (Chairman), Espern Eiendom AS (Chairman), Broadnet Topholding AS, Smedvig Capital AS, Smedvig Eiendom AS, Gravidahl AS (Chairman), DFCU Bank, Uganda; DLP Piper Norway (Advisory Board Member).

Ola Henrik Strand, Vice Chairman

Born: 1957

Position: CEO and Chairman Nordenfjeldske Papirindustri AS

Education: MBA in Strategic Management, NHH (1996-1998); The Norwegian Military academy (1980-1983); Economics, Trondheim Økonomiske Høgskole (1978-1980)

Board member since: 2012

Other directorships: Chairman of Helse Midt-Norge HF, Nordic Logistics AS, Cargo Linea AS, B. Iversen AS and Trondheim Skiklub AS. Board member of Institute of Transport Economics (TØI). Deputy Board Member of Frem Holding AS and Trondheim Kliniske Studier AS.

Eli Skrøvset, Board member

Born: 1965

Position: CFO Eksportkreditt Norge

Education: AMP Harvard Business School (2008); Economist, NHH (1987-1990)

Board member since: 2011

Other directorships: Board member of E-Co Energi AS

Linda B. Silseth, Board member

Born: 1962

Position: CEO Flytoget AS

Education: AFF Senior Executives management training, HR Administration and economics and administration, Norsk Hotellhøgskole.

Board member since: 2016

Other directorships: Chairman Norsk Tipping, board member Handelsbanken, PURE CSR Consulting, Member Advisory Board Kongeparken AB

Herlof Nilssen, Board member

Born: 1958

Position: CEO, Helse Vest RHF

Education: Master of Industrial Economics and Technology Management, NTNU

Board member since: 2015

Other directorships: Helse Vest IKT AS, Norsk Helsenet SF, Nasjonal IKT HF, Spekter

Tone Lindberg, Board member

Born: 1972

Position: Owner and CEO Konsulent Tone Lindberg AS

Education: Human Resource Management and Leadership, Lillehammer University College (1996-1997); Working Life Knowledge, Bodø University College (1999); Pedagogics of Child Welfare, Harstad University College (1997-1998); Various leadership courses, Norwegian armed forces (1990)

Board member since: 2013

Other directorships: AIM Norway, Petro Artic.

Per Erik Nordsveen, Employee-elected Board member

Born: 1977

Position: Fire and rescue officer

Education: Certified AFIS operator since 1998, certified firefighter since 2004, certified fire and rescue leader since 2008

Board member since: 2013**Other directorships:** Board member of NTL Landsforening 50, Luftfarten

Bjørn Tore Mikkelsen, Employee-elected Board member

Born: 1959

Position: Team Leader Fire and Rescue; Union leader

Education: Maritime Military Education

Board member since: 2015

Other directorships: Delta Luftfart, Delta MO

Grete Ovnerud, Employee-elected Board member

Born: 1966

Position: Air Traffic Controller

Education: Certified Rescue controller/officer (1997); Certified Air Traffic Controller (1990); Certified AFIS operator (1987)

Board member since: 2011

Other directorships: N/A

Heidi Anette Sørum, Employee-elected Board member

Born: 1967

Position: Chief Employee Health and Safety Contact, Oslo Lufthavn AS

Education: Leadership course, NKI; 1-year Marketing Communication studies, Oslo School of Management; Course in law, NKI and University of Oslo; Leadership course and courses in Political Science, University of Bergen; Human Resource Management and leadership, Lillehammer University College, Board law, BI.

Board member since: 2011

Other directorships: Board member of NTL Landsforening 50, Luftfarten, Allergotvegen/Skogveien road board.

No member of the Board of Directors has potential conflicts of interest between their duties to the Issuer and their private interests and/or other duties.

Management

The table below sets out the names of the members of the Management of the Avinor:

Name	Position	Business address
Dag Falk-Pettersen	Chief Executive Officer	Avinor AS, P.O. Box 150, N-2061 Gardermoen, Norway
Petter Johannessen	Chief Financial Officer	Avinor AS, P.O. Box 150, N-2061 Gardermoen, Norway
Jon Sjølander	Executive Vice President Strategy	Avinor AS, P.O. Box 150, N-2061 Gardermoen, Norway
Aslak Sverdrup	Managing Director, Bergen Airport	Avinor AS, P.O. Box 150, N-2061 Gardermoen, Norway
Leif Anker Lorentzen	Managing Director, Stavanger Airport	Avinor AS, P.O. Box 150, N-2061 Gardermoen, Norway
Lasse Bardal	Managing Director, Trondheim Airport	Avinor AS, P.O. Box 150, N-2061 Gardermoen, Norway
Tarald Johansen	Executive Vice President Safety & Environment	Avinor AS, P.O. Box 150, N-2061 Gardermoen, Norway
Margrethe Snekkerbakken	Executive Vice President Regional Airports Division	Avinor AS, P.O. Box 150, N-2061 Gardermoen, Norway
Anders Kirsebom	Managing Directors Air Navigation Services	Avinor AS, P.O. Box 150, N-2061 Gardermoen, Norway
Øyvind Hasaas	Managing Director Oslo Airport	Avinor AS, P.O. Box 150, N-2061 Gardermoen, Norway
Stine Ramstad Westby	Executive Vice President Operations and Infrastructure	Avinor AS, P.O. Box 150, N-2061 Gardermoen, Norway
Mari Hermansen	Executive Vice President HR/ Legal and Business Support	Avinor AS, P.O. Box 150, N-2061 Gardermoen, Norway
Egil Thompson	Executive Vice President Communications & Marketing	Avinor AS, P.O. Box 150, N-2061 Gardermoen, Norway

Dag Falk-Petersen

Born: 1954

Position: Chief Executive Officer

Education: Royal Norwegian Air Force Academy (1977-1980); Royal Norwegian Air Force Pilot Training (1974-1976)

Background: Managing Director of CHC Helikopter Service (2010-2011); COO of SAS Norway (2005-2009); Base Chief Pilot at SAS Oslo (2004-2005); Chief Pilot at SAS Oslo (1999-2003); several leadership positions at the Royal Norwegian Air Force (1982-1985 and 1987-1995)

Joined Avinor: 2011

Directorships (external): Chairman of Falk Eiendom AS; Board member of Sd Suitel AS, Svolvær Øvre holding AS, Volt 401 AS; CEO Falk Eiendom AS; 100 per cent. owner of Volt 401 AS, 50 per cent. owner of Svolvær Øvre Holding AS

Petter Johannessen

Born: 1958

Position: Chief Financial Officer

Education: MBA in Finance, investments and banking, University of Wisconsin, Madison, US (1990)

Background: Finance Director at Thorn Nordic (1999-2004); Director information systems at Nycomed Amersham (1997-1999); CFO of Nycomed Americas, US (1994-1997); CFO of Nycomed Pharma, Norway (1990-1994)

Joined Avinor: 2004

Directorships (external): N/A

Jon Lennart Sjølander

Born: 1951

Position: Executive Vice President, Strategy

Education: Cand. Polit., University of Oslo

Background: University of Oslo; Regional development fund of Norway

Joined Avinor: 1989

Directorships (external): N/A

Aslak Sverdrup

Born: 1973

Position: Managing Director, Bergen Airport

Education: Master of Technology Management, NHH&NTNU (2012-), Security Risk Management level 5, Buckinghamshire University UK (2008-2011), Royal Norwegian Naval Academy (1995-1997), Officer school BSKA (1992-1994)

Background: Operations director Avinor, Bergen Airport Flesland (2012-2013), Senior Partner Bestia Risk Consulting AS (2011-2012), Deputy Country Manager DNO International ASA Mozambique (2009-2011), QHSE Manager DNO International ASA Mozambique (2008-2009), Founder and Director of Security Bestia Risk Consulting AS (2006-2008), several leader and specialist positions Norwegian armed forces (1992-2006)

Joined Avinor: 2012

Directorships (external): Chairman NGO Making Change, Chairman Trapp Systems International

Leif Anker Lorentzen

Born: 1957

Position: Managing Director, Stavanger Airport

Education: Air traffic controller

Background: Chief Air Traffic Controller, Stavanger (2002-2004), Head of ATS Region West (1993-2002), Director of ATS Education (1998-1999)

Joined Avinor: 1978

Directorships (external): N/A

Lasse Bardal

Born: 1956

Position: Managing Director, Trondheim Airport

Education: Air Traffic controller

Background: Managing Director, Trondheim Airport, Værnes (2005-2012); Different leadership position at Avinor (1990-2005); Air Traffic Controller (1979-1990)

Joined Avinor: 1978

Directorships (external): Board member of Granåsli Vel Sa; Deputy of Trøndelag Reiseliv AS

Tarald Johansen

Born: 1962

Position: Executive Vice President Safety & Environment

Education: University of Oslo, Faculty of Law (Cand. Jur.) 1989, Norwegian University of Life Sciences, Quality Manager 2006, Quality Management Academy, Lead Auditor, 2009

Background: Executive Vice President Safety, Security and Quality (2014-), Manager Government Liaison, Avinor AS (2010 – 2014), Head of Security Section, Avinor AS (2005-2010), Head of Legal Affairs and International Relations Department, Civil Aviation Administration (2004), Head of Legal Affairs section, Civil Aviation Administration (1996-2003), Senior Executive Officer Legal Affairs Section, Civil Aviation Administration (1991-1996), Executive Officer, Norwegian Civil Aviation Aircraft Register (1990)

Joined Avinor: 1990

Directorships (external): N/A

Margrethe Snekkerbakken

Born: 1960

Position: Executive Vice President Regional Airports Division

Education: Cand. Scient. (Master of Natural Science), Hydrology, University of Oslo; Executive Management Programme, London Business School

Background: Director, Local Airports Division Avinor (2004-2010); Quality and Environmental Director, Oslo Lufthavn AS (1999-2004); Environmental Manager, Oslo Lufthavn AS (1993-1999); Consultant, Geofuturum AS (1990-1993); Consultant, VVB – VIAK AB, Sweden (1988-1990); Consultant, Norwegian Ministry of Environment (1985-1988)

Joined Avinor: 1993

Directorships (external): Board member, Development of new hospital in Østfold

Anders Kirsebom

Born: 1964

Position: Managing Director, Air Navigation Services Division

Education: Bachelor in Business and Administration, Økonomisk College, Oslo Commerce School

Background: Director, Large Airports Division, Avinor; Director, Business and Service Division, Avinor; Director, Business Development, NSB AS; Finance Manager, Person Traffic Division, NSB AS; Division Controller, Esselte Kontor og Data

Joined Avinor: 2002

Directorships (external): Board member of Airport Coordination Norway AS; Proprietor of Kirsebom Eiendom

Øyvind Hasaas

Born: 1956

Position: Managing Director, Oslo Airport

Education: Master of Business Administration, University of Karlstad

Background: President and CEO, REC Solar (2013-2014), Executive Vice President, Organizational Development & HR, REC Group ASA (2010-2012), Senior Vice President, Site Operations, REC Group ASA (2007-2013), Senior Vice President & Head of Hydro Business and Industrial Parks, Norsk Hydro AS (2005-2007), Senior Vice President & Head of Hydro Porsgrunn Industrial Park, Norsk Hydro ASA (2000-2005), Senior Vice President & Head of Business Development for Hydro Agri, Norsk Hydro ASA (1995-2000), Vice President & Head of Hydro Agri Porsgrunn (fertilizer plant), Norsk Hydro ASA (1989-1995), Financial Manager, Norsk Hydro ASA (1986-1989), Financial Controller, Norsk Hydro ASA (1981 – 1986), Financial Controller, Saga Petrochemicals (1979-1981).

Joined Avinor: 2014

Directorships (external): N/A

Mari Hermansen

Born: 1968

Position: Executive Vice President HR, Legal & Business Support

Education: Cand. Jur., University of Oslo (1995); Environmental Law and Policy for Natural Resources and Energy & International Comparative Petroleum Law and Policy, University of Dundee, Scotland (1993); 1-year study of Criminology, University of Oslo (1989); German language exam, Hartnackschule, Berlin, Germany (1988); Examen Philosophicum, University of Oslo (1987)

Background: Different leadership positions in SAS Norge (2005-2012); Lawyer & Associate Lawyer, Lawyers at Hjort DA (2002-2005); Associate Lawyer, Storebrand ASA (1995-1998); Consultant, Financial Markets Department, Ministry of Finance (1995-1998)

Joined Avinor: 2012

Directorships (external): Board member of Al Borettslaget Industrig 30

Egil Thompson

Born: 1964

Position: Executive Vice President Communications & Marketing

Education: Cand. Polit., University of Oslo

Background: Executive Vice President Corporate Communication, Storebrand ASA (1999-2012); Editorial Leader, Aftenposten (1994-1999); Journalist, Norwegian News agency NTB (1990-1994)

Joined Avinor: 2012

Directorships (external): Board member of Sand – Basto Vel

No member of the Management has potential conflicts of interest between their duties to the Issuer and their private interests and/or other duties.

Stine Ramstad Westby

Born: 1970

Position: Executive Vice President Operations and Infrastructure

Education: Cand. Scient, 1996, University of Oslo, The Faculty of Mathematics and Natural Sciences

Background: Executive Vice President Operations and Infrastructure (2016-), Financial Director (2015 – 2014), Head of Economy and Performance Management (2013-2010), Head of Project Control (2009-2006), Senior Advisor to the CEO (2004-2005)

Joined Avinor: 2004

Directorships (external): N/A

TAXATION

NORWEGIAN TAXATION

The following is a summary of certain Norwegian tax consequences for holders of the Notes who are resident in Norway for tax purposes. The summary is based on legislation as at the date of this document and is intended to provide general information only. The tax treatment of each Noteholder partly depends on the holder's specific situation. Each investor should consult a tax adviser as to the tax consequences relating to their particular circumstances resulting from holding Notes. Any changes to applicable tax laws may have a retrospective effect.

Non-resident holders of Notes

Payments of principal and interest on the Notes to persons who have no connection with Norway other than the holding of Notes and those not resident in Norway for tax purposes are, under present Norwegian law, not subject to, and may be made without, any withholding or deduction for or on account of any Norwegian taxes, duties, assessments or governmental charges, provided that the Notes have not been used in or attached to any business activity operated through a permanent establishment.

Gains or profits realised on the sale, disposal or redemption of the Notes by persons who have no connection with Norway other than the holding of Notes and those not resident in Norway for tax purposes are not, under present Norwegian law, subject to Norwegian taxes or duties, provided that the Notes have not been used in or attached to any business activity operated through a permanent establishment.

No Norwegian issue tax or stamp duty is payable in connection with the issue of the Notes.

Resident holders of Notes

Any kind of return received on the Notes prior to disposal or redemption is taxable as "ordinary income" subject to the flat rate of 25 per cent. For taxpayers with a statutory obligation to keep accounting records interest is taxed on an accruals basis (i.e. regardless of when the return is actually paid). For other taxpayers accrued interest is as the main rule taxed when the interest is actually paid.

Redemption at the end of the term as well as prior disposal is treated as realisation of the Notes and will trigger a capital gain or loss. Capital gains will be taxable as "ordinary income", subject to the flat rate of 25 per cent. Losses will be deductible in the Noteholder's "ordinary income", taxed at the same tax rate.

Any capital gain or loss is computed as the difference between the amount received by the Noteholder on realisation and the cost price of the Notes. The taxable gain is calculated in Norwegian kroner. The amounts received are converted to Norwegian kroner at the foreign exchange rate at the time of realisation. The cost price is equal to the price for which the Noteholder acquired the Notes, at the foreign exchange rate at the time of acquisition. Costs incurred in connection with the acquisition and realisation of the Notes may be deducted from the Noteholder's taxable income in the year of the realisation.

Any gains or losses derived from foreign currency exchange are taxable or tax deductible in the income year of realisation of the Note.

Special rules regarding deduction of unrealised losses on foreign currency claims apply for taxpayers with a statutory obligation to keep accounting records. For short dated Notes, with a maturity date within less than a year, and long-term Notes, with a maturity date of more than a year, any unrealised loss is tax deductible. The loss is calculated as fair market value less the cost price. For long-term Notes such taxpayer shall enter as income any unrealised foreign exchange gains related to the Note, to the same extent that the taxpayer has

deducted a unrealised foreign exchange loss on the same Note in previous years. Gains or losses are calculated as fair market value less the cost price.

The value of the Notes at the end of each income year will be included in the computation of the Noteholder's taxable net wealth for municipal and state net wealth tax purposes. Listed bonds are valued at their quoted value on 1 January in the assessment year, while non-listed bonds are valued at their estimated market value on 1 January in the assessment year. The marginal tax rate is currently 0.85 per cent.. Limited companies and similar entities are not subject to net wealth taxation.

There are currently no Norwegian transfer taxes, stamp duty or similar taxes connected to purchase, disposal or redemption of the Notes. Further, there is no VAT on transfer of the Notes.

FATCA DISCLOSURE

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a **foreign financial institution** (as defined by FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including Norway have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to 1 January 2019 and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. However, if additional Notes (as described under Condition 15 of the Terms and Conditions of the Notes other than the VPS Notes and Condition 14 of the Terms and Conditions of the VPS Notes) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes.

THE PROPOSED EU FINANCIAL TRANSACTIONS TAX (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

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 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. Additional EU Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

LUXEMBOURG TAXATION

The following description is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only.

Withholding Tax

(i) Non-resident holders of Notes

Under Luxembourg general tax laws currently in force there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

(ii) Resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 as amended (the **Relibi Law**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Relibi Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg or to a residual entity (within the meaning of the laws of 21 June 2005 implementing Council Directive 2003/48/EC of 3 June 2003 on the taxation of savings income and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the **Territories**) as amended) established in an EU Member State (other than Luxembourg) or one of the Territories and securing such payments for the benefit of such individual beneficial owner will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Accordingly, payments of interest under the Notes coming within the scope of the Law will be subject to a withholding tax at a rate of 10 per cent.

SUBSCRIPTION AND SALE

The Dealers have, in a Programme Agreement (such Programme Agreement as modified and/or supplemented and/or restated from time to time, the **Programme Agreement**) dated 14 December 2016, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*", "*Terms and Conditions of the Notes other than the VPS Notes*" and "*Terms and Conditions of the VPS Notes*". In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

United States

The Notes have not been and will not be registered under the Securities Act, or with any securities regulatory authority 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 the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is 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 will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, 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. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance 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. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such 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.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the EEA which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision:

- the expression an **offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State; and
- the expression **Prospectus Directive** means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (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; 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.

Norway

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, unless the Issuer has confirmed in writing to each Dealer that the Offering Circular has been filed with the Financial Supervisory Authority of Norway, it has not, directly or indirectly, offered or sold and will not directly or indirectly, offer or sell any Notes in Norway or to residents of Norway, other than:

- (a) in respect of an offer of Notes addressed to investors subject to a minimum purchase of Notes for a total consideration of not less than €100,000 per investor; or
- (b) to "professional investors" as defined in Section 7-1 cf. Sections 10-2 to 10-5 in the Norwegian Securities Regulation of 29 June 2007 no. 876; or
- (c) to fewer than 150 natural or legal persons (other than "professional investors" as defined in Section 7-1 in the Norwegian Securities Regulation of 29 June 2007 no. 876), subject to obtaining the prior consent of the relevant Dealer or Dealers for any such offer; or
- (d) in any other circumstances provided that no such offer of Notes shall result in a requirement for the registration, or the publication by the Issuer or the Dealer or Dealers of a prospectus pursuant to the Norwegian Securities Trading Act of 29 June 2007 no. 75.

The Notes shall be registered with the VPS unless (i) the Notes are denominated in NOK and offered and sold outside of Norway to non-Norwegian tax residents only, or (ii) the Notes are denominated in a currency other than NOK and offered or sold outside of Norway.

Further, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes will only be sold in Norway to investors who have sufficient knowledge and experience to understand the risks involved with investing in the Notes.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No.25 of 1948, as amended; the **FIEA**) and 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 offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

The Netherlands

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that any Notes will only be offered in The Netherlands to Qualified Investors (as defined in the Prospectus Directive), unless such offer is made in accordance with the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree 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 this Offering Circular 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 neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer and 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 such sale.

GENERAL INFORMATION

Authorisation

The update of the Programme and the issue of Notes have been duly authorised by a resolution of the Board of Directors of the Issuer dated 8 June 2016, save that additional resolution(s) from the Board of Directors of the Issuer is/are required for the issue of Notes in excess of NOK 5,500,000,000 (or the equivalent thereof in any other currency). The Issuer has obtained and will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

Listing of Notes

Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC). The listing of the Programme in respect of Notes is expected to be granted on or around 14 December 2016.

In the case of VPS Notes, application will be made to the Oslo Stock Exchange for such VPS Notes to be admitted to trading on the Oslo Stock Exchange's regulated market.

Documents Available

For the period of 12 months following the date of this Offering Circular, copies of the following documents will, when published, be available for inspection from the registered office of the Issuer and from the specified offices of the Paying Agents for the time being in Luxembourg:

- (a) the constitutional documents (with an English translation thereof) of the Issuer;
- (b) the audited financial statements of the Issuer in respect of the financial years ended 31 December 2015 and 31 December 2014, together with the audit reports prepared in connection therewith and the unaudited interim consolidated and non-consolidated financial statements for the nine months ended 30 September 2016. The Issuer currently prepares audited consolidated and non-consolidated accounts on an annual basis and unaudited consolidated and non-consolidated interim accounts on a quarterly basis;
- (c) the Agency Agreement, the Deed of Covenant and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;
- (d) a copy of this Offering Circular; and
- (e) any future offering circulars, prospectuses, information memoranda, supplements to this Offering Circular, Final Terms and Pricing Supplements (in the case of Exempt Notes) (save that a Pricing Supplement will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) and any other documents incorporated herein or therein by reference.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms

or, in the case of Exempt Notes, the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system (including the VPS) the appropriate information will be specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of the VPS is Fred Olsens gate 1, N-0152 Oslo.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Yield

In relation to any Tranche of Fixed Rate Notes, an indication of the yield in respect of such Notes will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Notes on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield.

Significant or Material Change

There has been no significant change in the financial or trading position of the Issuer or the Group since 30 September 2016 and there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2015.

Litigation

Neither the Issuer nor any of its subsidiaries 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 is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer.

Auditors

The elected auditors of the Issuer are Ernst & Young AS. The address of Ernst & Young AS is Dronning Eufemias gate 6, Oslo Atrium, Postboks 20, NO-0051 Oslo, Norway. The partners in Ernst & Young AS are members of the Norwegian Institute of Public Accountants who have audited the Issuer's accounts, without qualification, in accordance with IFRS for each of the two financial years ended 31 December 2015.

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