

PROSPECTUS



STOREBRAND LIVSFORSIKRING AS

€300,000,000

Fixed/Floating Rate Dated Subordinated Notes Due 2043

Issue price: 100.00 per cent.

The €300,000,000 Fixed/Floating Rate Dated Subordinated Notes (the **Notes**) are issued by Storebrand Livsforsikring AS (the **Issuer**).

Interest on the Notes will be payable annually in arrear on 4 April in each year from and including 4 April 2014 to and including 4 April 2023 (the **Reset Date**), at a rate of 6.875 per cent. per annum. Thereafter interest will be payable semi-annually in arrear on the Interest Payment Dates falling on or nearest to 4 April and 4 October in each year at a rate of interest equal to 6.194 per cent. above six-month EURIBOR, as more fully described herein.

The Issuer has the right (and, in certain circumstances, is required) to defer the payment of interest in certain circumstances all as further described in "*Conditions of the Notes — Deferral of Payments*", and is required to defer the payment of principal in certain circumstances all as further described in "*Conditions of the Notes — Redemption and Purchase — Issuer deferral of redemption date*".

Subject as provided above, the Notes will mature in April 2043 and the Issuer may, subject to the prior approval of the Issuer Supervisor (as defined in the Conditions of the Notes), redeem the Notes at their principal amount together with any accrued interest and arrears of interest on the Reset Date or any Interest Payment Date thereafter. See "*Conditions of the Notes — Redemption and Purchase — Redemption at the Option of the Issuer*". The Issuer will also have the right, subject to the prior approval of the Issuer Supervisor, upon the occurrence of certain tax events, capital events or ratings agency events, to redeem the Notes. See "*Conditions of the Notes — Redemption and Purchase — Redemption for Taxation Reasons*", "*— Capital Disqualification Event Redemption*" and "*— Ratings Agency Event Redemption*".

In addition, in certain circumstances, the Issuer's subordinated capital, which would include principal in respect of the Notes, may be cancelled. See "*Conditions of the Notes — Reduction of Amounts of Principal*".

An investment in the Notes involves certain risks. For a discussion of these risks, see "*Risk Factors*" on pages 4 to 18.

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 as amended by the Luxembourg Law dated 3 July 2012 (the **Prospectus Act**) to approve this document as a prospectus and to the Luxembourg Stock Exchange for the listing of the Notes on the Official List of the Luxembourg Stock Exchange and admission to trading on the Luxembourg Stock Exchange's regulated market. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC (the **Markets in Financial Instruments Directive**). The CSSF gives no undertaking as to the economic and financial soundness of the transaction contemplated by this Prospectus or the quality or solvency of the Issuer in line with the provisions of Article 7(7) of the Prospectus Act.

The Notes will initially be represented by a temporary global note (the **Temporary Global Note**), without interest coupons, which will be deposited on or about 4 April 2013 (the **Closing Date**) with a common depository for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**). Interests in the Temporary Global Note will be exchangeable for interests in a permanent global note (the **Permanent Global Note** and, together with the Temporary Global Note, the **Global Notes**), without interest coupons, on or after 14 May 2013 (the **Exchange Date**), upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Note will be exchangeable for definitive Notes only in certain limited circumstances — see "*Summary of Provisions relating to the Notes while represented by the Global Notes*".

Joint Bookrunners, Joint Lead Managers and Joint Structuring Agents to the Issuer

Citi

J.P. Morgan

Joint Bookrunner and Joint Lead Manager

Nordea

The date of this Prospectus is 2 April 2013

This Prospectus comprises a prospectus for the purposes of Article 5.3 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 has been approved as such by the CSSF.

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

References in this section to a **Manager** shall include such entity in its capacity as a Joint Bookrunner or Joint Structuring Agent to the Issuer as well, as applicable.

No person has been authorised to give any information or to make any representation other than those contained in this document in connection with the offering of the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer or the Managers (as defined under "Subscription and Sale" below). Neither the delivery of this document nor any sale made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer or the Storebrand Life Group (as defined herein) since the date hereof. This document does not constitute an offer of, or an invitation by, or on behalf of, the Issuer, the Trustee (as defined herein) or the Managers to subscribe for, or purchase, any of the Notes. This document does not constitute an offer, and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful.

The Managers and Citicorp Trustee Company Limited (the **Trustee**) have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or duty (whether fiduciary, in tort or otherwise) or liability is accepted by the Managers, the Trustee or any of them as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer in connection with the Notes or their distribution.

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Managers or the Trustee that any recipient of this Prospectus should purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

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, the Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a further description of certain restrictions on the offering and sale of the Notes and on distribution of this document, see "Subscription and Sale" below.

IN CONNECTION WITH THE ISSUE OF THE NOTES, CITIGROUP GLOBAL MARKETS LIMITED (THE STABILISING MANAGER) (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) 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, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE CLOSING DATE AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

All references in this document to **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, **NOK** refer to Norwegian Kroner and **SEK** refer to Swedish Kronor.

Copies of this Prospectus, including any supplements thereto (if any), are available, free of charge, at the Issuer's registered office at Professor Kohts vei 9, P.O. Box 500, 1327 Lysaker, Norway, or at the specified office of the Listing Agent at 69, route d'Esch, L-2953 Luxembourg, Luxembourg. This Prospectus is also available on the Luxembourg Stock Exchange's website at www.bourse.lu.

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Risk Factors

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

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

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding the Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

Factors that may affect the Issuer's ability to fulfil its obligations under the Notes

In addition to the other information set out in this Prospectus the following risk factors should be carefully considered by investors when deciding whether to make an investment in the Notes. Any of the risks described below could have a material adverse impact on the Issuer's business, financial condition and results of operations and could therefore have a negative effect on the trading price of the Notes and affect a prospective investor's investment. The information below does not purport to be exhaustive. Additional risks and uncertainties not presently known to the Issuer or that the Issuer currently deems immaterial may also have an adverse material effect on the Issuer's business, financial condition and operating results. If this occurs, the price of the Notes may decline and investors could lose all or part of their investment.

The Issuer has guaranteed a minimum annual return on a significant portion of its assets. Failure to achieve an investment return sufficient to cover the guaranteed return could have a material effect on the Issuer's equity.

The Issuer has guaranteed a minimum annual return on a significant portion of its assets. A guaranteed return is fixed for a number of years for each contract. In 2012, the total average guaranteed interest rate on existing contracts was 3.4 per cent. New business is currently written at a lower level (the maximum permitted guarantee rate was 2.5 per cent. in 2012); however, this level might increase or decrease in the future. If the Issuer's investment return in any year is lower than the relevant guaranteed rate, then current legislation permits the equivalent of up to one year's guaranteed return to be met by transfer from additional statutory reserves. Any guaranteed return not covered by the reserves must be charged to the Issuer's equity.

The Issuer's income with regards to paid-up policies and individual savings related products is dependent on investment return on assets under management (AuM) which is subject to a statutory cap.

A financial return above the guaranteed rate for the paid-up policies and individual savings related products is limited by statute to a maximum share of the investment return which the Issuer is permitted to retain as profit. Thus, even if the guaranteed rate is exceeded, the Issuer's opportunity to achieve a desirable level of profitability for its owners and hence attract capital when necessary is limited by this factor.

The value of the Issuer's investment portfolios may be materially adversely affected by market factors such as interest rate volatility or a downturn in equity markets, among others, any of which may adversely impact its financial position and results of operations, and may result in volatility in its results.

Market levels and investment returns are important factors in the Issuer's overall profitability, and fluctuations in the financial markets, such as the fixed-income or equity markets, can have a material effect on the Issuer's consolidated results of operations. Changes in these factors can be very difficult to predict. Any adverse changes in the economies and/or financial markets in which funds under management are invested could have a material adverse effect on the Issuer's consolidated financial condition, results of operations and cash flows.

Fluctuations in interest rates affect returns on, and the market values of, Norwegian and international fixed-income investments in the shareholder, life insurance and general insurance portfolios. Generally, investment income may be reduced during sustained periods of lower interest rates as higher yielding fixed-income securities are called, mature or are sold and the proceeds reinvested at lower rates, even though prices of fixed-income securities tend to rise and gains realised upon their sale tend to increase. During periods of rising interest rates, prices of fixed-income securities tend to fall and realised gains upon their sale are reduced or realised losses increased.

The Issuer also invests a portion of its assets in Norwegian and international equities, which are generally subject to greater risks and more volatility than fixed-income securities. General economic conditions, stock market conditions and many other factors beyond the control of the Issuer can adversely affect the equity markets.

Declines in the equity markets and other financial markets may reduce unrealised gains or increase unrealised losses in the Issuer's various investment portfolios and reduce or eliminate the excess solvency margin of its insurance subsidiaries. Such declines could also lead to a mismatch between the liabilities to policyholders and the value of the underlying assets notionally backing those liabilities for financial management purposes and this

can be exacerbated by market volatility. Although the Issuer seeks to minimise the adverse effects of periods of economic downturn and market volatility by diversifying its investments, there can be no assurance that this strategy will be successful.

Investment returns are also susceptible to changes in general economic conditions, including changes that impact the general creditworthiness of the issuers of debt securities and equity securities held in the business' portfolios. The value of fixed-income securities may be affected by, among other things, changes in an issuer's credit rating. Where the credit rating of an issuer of a debt security drops, the value of the security may also decline. Should the credit rating of an issuer drop to a level such that regulatory guidelines prohibit the holding of such securities to back insurance liabilities, the resulting disposal may lead to a significant loss on the Issuer's investments.

A further deterioration in general economic and market conditions could have a material adverse effect on the Issuer's financial position, and the Issuer may be sensitive to financial and industry cycles.

The financial position and operating results of the Issuer are influenced by changes in the general economic and market conditions in the countries in which its businesses operate, which are outside its control. The global financial crisis that started in 2008 has led to recessionary conditions in Europe, the United States and other parts of the world. Any recovery is expected to be fragile, and would be threatened by factors external and internal to Norway. Renewed general deterioration in major economics throughout the world would reduce the level of demand for the products and services of the Issuer, and lead to lower realisations, increased write-downs, impairments of investments and negative fair value adjustments of assets, and may have a material adverse effect on the Issuer's business, financial position and operating results.

In addition to general economic and market conditions, financial and industry cycles can also cause the value of the Issuer's assets to fluctuate between periods, as well as on a long-term basis, in ways that may be unpredictable. Such cycles include insurance industry cycles; financial market cycles, including volatile movements in market prices for securities; and banking industry cycles. Other factors which impact the business and economic environment and businesses in which the Issuer operates include fluctuations in interest rates and exchange rates, consumer spending, business investment, the real estate market, the volatility and strength of the capital markets, catastrophic events, terrorism, other acts of war or hostility, and the governmental and political developments relating to the foregoing, as well as social or political instability, diplomatic disputes and international conflicts.

The value of the Issuer's real estate portfolio may fluctuate as a result of both general economic conditions as well as other external factors outside its control.

The Issuer invests a portion of its AuM in real estate, mainly in Norway. Its subsidiaries SPP Livförsäkring AB and SPP Liv Fondförsäkring AB (together **SPP Life**) also have a portion of its AuM invested in real estate in Sweden. Property investments are subject to various risks. Rents and values are affected by changes in general economic conditions (such as interest rates and inflation activity), the condition of financial markets, changing supply within a particular area of competing space and attractiveness of real estate relative to other investment choices, among other factors. The value of the real estate portfolio may also fluctuate as a result of external factors, such as changes in general political conditions, potentially adverse tax consequences, changing environmental standards and higher accounting and control expenses. The geographical concentration of the real estate may make the Issuer vulnerable to changes in economic and other conditions in Norway and Sweden respectively. The Issuer's operating performance could be materially adversely affected by a downturn in the property market in terms of capital and/or rental values.

The Issuer's results of operations are subject to the impact of financial market fluctuations on consumer behaviour.

Fluctuations in interest rates and returns from equity markets have an impact on consumer behaviour, especially in the life and asset accumulation businesses, where demand for fixed-income products, such as fixed-return pension products, may decline when interest rates fall and equity markets are performing well. The demand for general insurance, particularly commercial lines, can also vary with the overall level of economic activity.

The level of and changes in interest rates (including changes in the difference between the levels of prevailing short-term and long-term rates) can affect the Issuer's life insurance results and interest payable on debt. Rising interest rates are likely to result in a decrease in fixed-income asset values for life insurance companies, which increases the risk of policyholder churn. Furthermore, financial market fluctuations can affect the availability of disposable income for investment in life insurance and other savings products, asset values, levels of bad debts, levels of investment income and gains and losses on investments, funding costs and interest margins.

The Issuer's results of operations are subject to fluctuations in exchange rates.

The Issuer presents its consolidated financial statements in Norwegian kroner. A significant proportion of the Issuer's operational earnings are denominated in Swedish kroner.

As a result of investments in assets other than Norwegian kroner, fluctuations in the relative value of Norwegian kroner to the euro, the U.S. Dollar, the Swedish kronor and other currencies could be significant to the Issuer and

its shareholders because these fluctuations affect the translation of the results of the Issuer's non-Norwegian operations into Norwegian kroner. In addition, these fluctuations could, among other things:

- significantly affect the comparability of the Issuer's performance between financial periods;
- cause the Issuer's earnings to fluctuate;
- increase the amount, in Norwegian kroner, of the Issuer's debt denominated in other currencies;
- affect the impact of minority interests; and
- increase the Issuer's financing costs.

There can be no assurance that the Issuer's results of operations will not fluctuate significantly from year to year as a result of changes in exchange rates.

The Issuer is exposed to credit risk and reinsurance risk.

The Issuer has counterparty risk in relation to third parties. A failure by the Issuer's counterparties to meet their obligations could have a material impact on the Issuer's financial position. The Issuer is exposed to credit risk through, among other things, holdings of fixed-income debt instruments.

Concerns as to the credit worthiness of, or a default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships between the institutions. This risk may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with which the Issuer interacts on a daily basis and, therefore, could adversely affect the Issuer.

The Issuer's life insurance and other insurance businesses also have exposure to reinsurers through reinsurance arrangements. The availability, amount and cost of reinsurance may vary significantly and may materially affect the Issuer's risk of loss. Furthermore, the inability or failure of reinsurers to meet their financial obligations could materially affect the Issuer's results of operations and financial condition.

The Issuer may be unable to match long-term fixed liabilities arising from the conduct of its life insurance business with long-term assets with similar durations and cash flow characteristics. This may materially affect the Issuer's financial condition and results of operations.

In order to reduce the volatility of the Issuer's net asset value, the Issuer seeks to match long-term fixed liabilities arising from the conduct of its life insurance business with long-term assets with similar durations and cash flow characteristics. The market prices of assets are subject to volatility and assets may have a duration that is materially shorter than the average duration of the liabilities. This can give rise to a mismatch between the duration of the Issuer's liabilities and its assets. While the Issuer's asset and liability management processes are designed to mitigate these risks, there exists currently, and there will remain in the future, the risk that the Issuer will not be able to match its long-term liabilities and long-term assets. This could have a material adverse impact on the Issuer's financial conditions and results of operations and net asset value and eventually affect the Issuer's ability to meet its liabilities as they fall due.

An increase in the interest rate level could lead to a decrease in the value of the fixed-income portfolio. As the majority of the Issuer's fixed-income investments are valued at fair value and the value of insurance liabilities is currently measured by a methodology which is equivalent to amortised cost, an accounting mismatch between assets and liabilities may arise that may have an adverse impact on the Issuer's results of operations and financial condition. This could potentially cause the financial markets, regulators or the public to question the Issuer's financial condition and results of operations.

The Issuer requires a significant amount of cash to service its debt pension and insurance commitments. The Issuer's ability to generate sufficient cash depends on factors beyond the Issuer's control.

The Issuer's ability to make payments on and to refinance its debt, and to fund working capital and capital expenditures, will depend on future operating performance and ability to generate sufficient cash, including cash from the sale of investment assets. This depends, to some extent, on general economic, financial, competitive, market, legislative, regulatory and other factors, many of which are beyond the Issuer's control, as well as the other factors discussed in these "Risk Factors" and elsewhere in this Prospectus.

If the Issuer's future cash flows from operations and other capital resources are insufficient to pay obligations as they mature or to fund liquidity needs, the Issuer may be obliged to:

- reduce or delay its business activities and capital expenditures;
- sell assets;
- obtain additional debt or equity capital; or
- restructure or refinance all or a portion of its debt on or before maturity.

Any of these actions could have a material adverse effect on the Issuer's financial condition and results of operations.

Adverse capital and credit market conditions may adversely affect the Issuer's ability to meet its liquidity needs, as well as its access to and the cost of capital.

The capital and credit markets have been experiencing volatility and disruption. In some cases, the markets have exerted downward pressure on the availability of liquidity and credit capacity for certain issuers. The Issuer needs liquidity to pay operating expenses, interest on debt and dividends on capital, as well as to replace certain maturing liabilities. Without sufficient liquidity, the Issuer would be forced to curtail operations and its business would suffer. The Issuer's principal sources of liquidity are insurance premiums, annuity consideration, deposit funds, cash flow from its investment portfolio and liquid assets (consisting mainly of cash or assets that are readily convertible into cash). Sources of liquidity in normal markets also include junior subordinated debt securities and capital securities that fulfil certain regulatory requirements, in addition to stockholders' equity. The Issuer is restricted by law from issuing debt that does not count as regulatory capital.

In the event that available resources are not sufficient to satisfy the Issuer's business and operational needs, it might have to seek additional financing. The availability of additional financing will depend on a variety of factors such as market conditions, the general availability of credit, the volume of trading activities, the overall availability of credit to the financial services industry, the Issuer's credit ratings and credit capacity, as well as the possibility that customers or lenders could develop a negative perception of the Issuer's long-term or short-term financial prospects if it were to incur large investment losses or if the level of business activity were to decrease due to a further or sustained market downturn. Similarly, access to funds may be impaired if regulatory authorities or rating agencies take negative actions against the Issuer. There can be no assurance that internal sources of liquidity will be sufficient and, in such case, that it would be able successfully to obtain the requisite financing on commercially reasonable terms, or at all.

Disruptions, uncertainty or volatility in the capital and credit markets may also limit the Issuer's access to the capital it requires to operate its business, in particular its insurance operations. Such market conditions may limit the Issuer's ability to: replace maturing liabilities in a timely manner or at all; satisfy statutory capital requirements; generate fee income and market-related revenue to meet liquidity needs; and access the capital necessary to grow the Issuer's business. As such, the Issuer may be forced to delay raising capital, issue shorter-term securities than would be preferable, or bear an unattractive cost of capital which could decrease profitability and significantly reduce financial flexibility. The Issuer's business, financial position and operating results could be materially adversely affected by disruptions in the financial markets.

Downgrades or the revocation of the Issuer's financial strength rating may also adversely affect the Issuer's liquidity and the cost of raising capital.

Rating organisations assign ratings based upon a number of factors. While most of the considered factors relate to the rated company, some of the factors relate to general economic conditions and circumstances outside the rated company's control.

As at the date of this Prospectus, the Issuer is rated A- (negative outlook) by Standard and Poor's Credit Market Services Europe Limited (**S&P**) and A3 (negative outlook) by Moody's Investors Service Limited (**Moody's**). See "*— Credit ratings may not reflect all risks*" below for further information on these rating agencies.

The Issuer's S&P and Moody's ratings are subject to periodic review by, and may be reviewed downwards or revoked at the sole discretion of, S&P and Moody's, respectively. These ratings are neither an evaluation directed to investors in the Notes nor a recommendation to buy, sell or hold the Notes.

Any significant lowering of ratings could have a material adverse effect on the Issuer's ability to market products and retain current policyholders, and may affect market penetration and sales volumes. These consequences could, depending upon the extent thereof, have a material adverse effect on the liquidity and, under certain circumstances, the net income of the Issuer.

The terms on which the Issuer can raise debt and equity capital from the capital markets may be adversely affected by a reduction in the credit ratings of the Issuer and its subsidiaries.

The success of the Issuer is dependent on continued performance of outsourcing arrangements.

Key customer service, administration, IT and back office functions are provided by third party providers. The Issuer is reliant in part on the continued performance and security of these providers, including in respect of data protection and other compliance issues and the security of these providers' IT and other systems. Risks arising from outsourcing include service failure or defaults and attempts by providers to renegotiate the terms of the arrangements, particularly where they have the negotiating power to do so. Should these providers suffer service failure or defaults, the Issuer's results of operations could be materially affected.

The Norwegian Ministry of Finance granted an approval of the acquisition of SPP Life subject to certain conditions, which, if not fulfilled, may have a material adverse effect on the Issuer's financial condition.

The Norwegian Ministry of Finance (the **Ministry of Finance**) set as a condition for its approval of the Issuer's acquisition of SPP Life in 2007 that Storebrand ASA, by the end of 2009, had to file an application to maintain the

group structure where Storebrand Holding AB is directly owned by the Issuer. Storebrand ASA sent an application to maintain the group structure in December 2009 but no confirmation has been received from the Norwegian Ministry of Finance that the group structure may be maintained. A change in the group structure imposed by the Norwegian authorities may have a material adverse effect on the financial condition of the Issuer.

Catastrophes, including natural disasters, pandemic diseases and terrorist-related events, could materially affect the Issuer's financial condition and results of operations.

The Issuer's life insurance and savings operations are exposed to the risk of catastrophic mortality events, such as a pandemic or other catastrophes that cause a large number of deaths. In the Issuer's group insurance operations, a localised event that affects the workplace of one or more of its group insurance customers could cause a significant loss due to mortality or morbidity claims. Consistent with industry practices, the Issuer establishes reserves for claim liabilities arising from a catastrophe only after assessing the probable losses arising from the event. The Issuer cannot be certain that the reserves it has established will be adequate to cover actual claim liabilities. From time to time, legislation having the effect of limiting the ability of insurers to manage risk has been passed, such as legislation restricting an insurers' ability to withdraw from catastrophe prone areas.

While the Issuer attempts to limit its exposure to acceptable levels, through purchasing reinsurance, utilising selective underwriting practices and monitoring risk accumulation, subject to restrictions imposed by insurance regulatory authorities, a catastrophic event or multiple catastrophic events could still have a material adverse effect on the Issuer's business, results of operations and financial condition.

The Issuer's ability to manage this risk and the profitability of its life insurance businesses depends in part on its ability to obtain catastrophe reinsurance, which may not be available at commercially acceptable rates in the future.

Gross claims under terrorist events based on certain scenarios could result in claims in excess of the Issuer's reinsurance cover. If such a terrorist event should occur, claims resulting therefrom could have a material adverse effect on the Issuer's results of operations and financial condition.

If catastrophes affecting risks insured by the Issuer occur with greater frequency or severity than what has historically been the case, related claims could have a material adverse effect on the Issuer's financial condition, results of operations and cash flows, as well as its costs of reinsurance.

Failure to comply with regulatory requirements including minimum capital requirements could lead to intervention by the applicable regulator which could, among other measures, require the Issuer to take steps for the security of policyholders with a view to restoring regulatory capital to acceptable levels.

The Issuer is subject to government regulation primarily in Norway and Sweden, but also in other jurisdictions in which it conducts business. Regulatory agencies have broad jurisdiction over many aspects of these businesses, including, but not limited to, capital adequacy, solvency margin, premium rates, marketing and selling practices, advertising, licensing of agents, policy forms, terms of business and permitted investments.

Regulatory proceedings or investigations could result in adverse publicity for, or negative perceptions regarding, the Issuer, as well as diverting management's attention away from the day-to-day management of the business. A significant regulatory action against the Issuer could have a material adverse effect on the business of the Issuer, its results of operations and/or financial condition.

In addition, financial services laws, regulations and policies currently affecting the Issuer may change at any time, thus having a material adverse effect on the Issuer's business. Furthermore, the Issuer will not always be able to predict the impact of future Norwegian, Swedish or other relevant overseas legislation or regulation, or changes in the interpretation or operation of existing legislation or regulation on its business, results of operations and/or financial condition. Further changes to Norwegian, Swedish or other relevant applicable overseas financial services legislation or regulations may be enacted and such changes could have a material adverse effect on the Issuer's business, results of operations and/or financial condition and may result in increased costs to the Issuer due to it being required to set up additional compliance controls or due to the direct costs of compliance.

Changes in government policy, legislation or regulatory interpretation applying to the financial services industry in the markets in which the Issuer operates may adversely affect the Issuer's product range, distribution channels, capital requirements and, consequently, reported results and financing requirements, and may result in increased costs to the Issuer due to it being required to set up additional compliance controls or due to the direct costs of compliance. These changes include possible changes in government pension requirements and policies, the regulation of selling practices and solvency or other capital-related requirements.

There have been significant changes in the legislation and regulations affecting the Issuer. Various new reforms to the relevant legislation and regulations have also been proposed, and such reforms could involve significant implementation costs and may create uncertainty in the application of relevant laws or regulations.

The legislation and regulations affecting the Issuer govern matters with respect to a wide number of areas. The Issuer will write new life insurance and pensions business and will be exposed to the associated legislative and regulatory risks, including regulation by overseas regulators.

The public pension reform of 2011 in Norway introduced the all-years principle and life expectancy adjustment of the pension payments through apportioned figures. In 2012 the Norwegian Banking Law Commission proposed regulation introducing new occupational pension products based on the same principles in order to best adapt the insurance based occupational pension products to the changes in the public pension system and the development in the labour and financial market. The proposal provides greater flexibility and more predictable costs for employers compared with current defined benefit schemes. Capital requirements arising from the new products (if adopted) will be risk-manageable. Their zero guarantee reduces the returns risk and the risk of longevity is significantly reduced as a result of the life expectancy adjustment. A proposal regarding transitional rules was introduced on 7 January 2013. The new rules are expected to be implemented from 2014. In addition, the Norwegian Parliament (*Stortinget*) has adopted anew law introducing investment options for paid-up policies that will enter into force in the near future. Various new reforms to the relevant legislation and regulations could involve significant implementation costs on the part of the Issuer and may create uncertainty in the application of relevant laws or regulations.

The proposals will have a significant impact on the Issuer's insurance business. Failure by the Issuer to adopt appropriate changes in its business as a result of the changing legislation or regulation could result in non-compliance or have other adverse consequences. Other future changes in legislation or regulation, including Solvency II, may also involve significant cost or have other adverse effects on the Issuer's insurance business.

Despite the fact that the Issuer is undertaking the necessary preparation of its products and solutions to adapt to the introduction of the new occupational pension products, the Issuer is unable to predict accurately the exact impact that this will have on the Issuer's financial condition.

The Solvency II Directive may affect the financial position of the Issuer.

Directive 2009/138/EC (the **Solvency II Directive**) is a fundamental review of the capital adequacy regime for the European insurance industry. It aims to establish a revised set of EU-wide capital requirements and risk management standards that will replace the current solvency requirements. The capital requirements will be more risk based than under the current regulation. The Solvency II Directive was agreed by the European Parliament in December 2009. This was the first out of four levels in the "Lamfalussy Process". The three other levels consist of; implementing measures, guidance and post implementation enforcement. The more detailed implementing measures are still not finalised, and there is a risk this could lead to a significant increase in the capital required to support some of the Issuer's products, in particular the paid up policies. There is still great uncertainty regarding the implementation date of Solvency II Directive. The current official implementation date is 2014. However, given the publication of the draft Omnibus II Directive which seeks to amend the Solvency II Directive, and the study currently carried out by the European Insurance and Occupational Pensions Authority (**EIOPA**) on the impact of the Solvency II capital requirements and matching premium proposals on long term guarantee products, the general expectation is that Solvency II Directive will not come into effect until 2016 or 2017. Nonetheless, some European regulators, including The Financial Supervisory Authority of Norway (the **Norwegian FSA**), have indicated that they will introduce parts of the new regime in their national regulation in advance of Solvency II. See further "*Description of the Issuer — Regulatory overview — Norway — Future developments — Solvency II Directive*".

Potential intervention by regulators on industry-wide issues may lead to changes in the Issuer's practice which could materially affect the Issuer's results of operations.

From time to time issues and disputes arise from the way in which the insurance industry has sold or administered an insurance policy or otherwise treated policyholders, either individually or collectively. These issues and disputes may typically, for individual policyholders, be resolved by the Issuer or through litigation. However, where larger groups or matters of public policy are concerned, the applicable regulator may intervene directly. The applicable regulator may identify future industry-wide mis-selling issues which could affect the Issuer. This may lead from time to time to changes in the Issuer's practices which benefit policyholders at a cost to shareholders.

Changes in taxation law or the interpretation of taxation law may impact the Issuer and the decisions of policyholders.

Norwegian and Swedish taxation laws have a variety of effects on the Issuer's businesses and taxation of policyholders. In general, changes to, or in the interpretation of, existing Norwegian and Swedish tax laws, amendments to existing tax rates, or the introduction of new tax legislation in Norway or Sweden may adversely impact the business, results of operations and financial condition of the Issuer and the savings decisions of the policyholders. Furthermore, changes to specific Norwegian or Swedish legislation that governs the taxation of life insurance companies and the pension savings of individuals might adversely affect the Issuer's business.

The tax legislation applicable for life insurance companies in Norway was amended with effect from 2012, whereby the Norwegian participation exemption provisions no longer apply to customer funds. This means that gains and losses related to equity investments in companies resident within the EEA for tax purposes are to be

treated in the same way as gains or losses on other asset classes (taxable income/tax deductible losses), which will in turn increase the probability of Norwegian life insurance companies generating positive tax results.

The corporate tax position of insurance companies in Sweden is generally considered favourable. However, there can be no assurance that this will not change adversely. To the extent that corporate tax rules change, this could have both a prospective and retrospective impact on the Issuer, both of which could be material.

The effect of future changes in tax legislation on specific products may have a material adverse effect on the financial condition of the relevant long-term fund of the Issuer and may lead policyholders to attempt to seek redress where they allege that a product fails to meet the reasonable expectations of the policyholder.

The design of long-term insurance products is predicated on tax legislation existent at that time. However, future changes in tax legislation or the interpretation of the legislation may, when applied to these products, have a material adverse effect on the financial condition of the relevant long-term fund of the Issuer in which the business was written and, therefore, have a negative impact on policyholder returns.

Long-term product design, including new business, will take into account risks, benefits, charges, expenses, investment return (including bonuses) and taxation, among other things. A policyholder or group of policyholders may seek legal redress where the product fails to meet the reasonable expectations of the policyholder or policyholders. It is possible that an adverse outcome in some matters could have a material adverse effect on the Issuer's business, results of operations and/or financial condition arising from the penalties imposed, together with the costs of defending any action.

Success of the long-term insurance business within the Issuer depends to a significant extent on the amount of claims paid in the future relative to the amount of assets accumulated to cover claims.

Typically, over the lifetime of an insurance contract, premiums and investment returns exceed claim costs in the early years and it is necessary to set aside these amounts to meet future obligations. The amount of such future obligations is assessed on actuarial principles by reference to assumptions with regard to the development of interest rates, mortality rates, persistency rates (being the extent to which policies remain in force and are not for any reason surrendered or transferred prior to maturity) and future levels of expenses. These assumptions may turn out to be incorrect.

In addition, it is necessary for the boards of directors of the relevant companies to make decisions, based on actuarial advice, which ensure an appropriate build-up of assets and liabilities relative to one another. These decisions include the allocation of investments among equity, fixed-income, real estate, other internal and external unlisted investments and other asset classes, the setting of policyholder bonus rates (some of which are guaranteed) and the setting of surrender terms. While the board of directors of the Issuer seeks to ensure that such decisions are consistent with its regulatory obligations, there is a risk that policyholders may argue that their interests or reasonable expectations have been adversely affected by such decisions.

Changes in actuarial assumptions used by the Issuer may lead to changes in the level of capital required to be maintained.

Although the Issuer monitors its actual experience against the actuarial assumptions it uses and applies the outcome to refine its long-term assumptions, actual amounts may vary from estimates, particularly when those payments do not occur until well into the future.

The occupational pension business constitutes the main part of the Issuer's portfolio. Three major actuarial factors affect the results of this business: mortality, disability and morbidity. Should the Issuer fail to assess any sudden negative change in any of these three parameters, it could have a considerable negative impact on the Issuer's results.

Should the mortality rate in the portfolio increase, this could lead to adverse results through triggering increased pension claims, for instance by the surviving spouses and children. The effect, however, would to a large extent be countered by reduced payments under the old-age pensions. Another, and possibly more important, aspect of the development in mortality rates is the risk of longevity. Should the average life span increase beyond the actuarial expectations, this would have a material adverse effect on the results for the occupational pension business, by far outweighing the reduced payments to the surviving spouses and children.

A factor of major concern to the Norwegian insurance market over the past decades is the adverse development in disability insurance. A further, unexpected deterioration in the development of disability insurance could adversely affect the Issuer's results. Any emergence of new diseases, including pandemics, or a severe increase in general morbidity, could also have a material adverse effect on the Issuer's performance.

With respect to the workers' compensation insurance, the emergence of new, work-related diseases could result in an adverse development in the Issuer economics. There is also reason to believe that a downward trend in the economy could enhance a corresponding development in the frequency of disability claims. This would also apply to the occupational pension business.

To the extent that actual claims experience is less favourable than the underlying assumptions, or it is necessary to increase provisions in anticipation of a higher rate of future claims, the amount of additional capital required

(and therefore the amount of capital which can be released from the businesses) and the ability of the Issuer to manage its businesses in an efficient manner, may be materially adversely affected.

In a closed/in-force book, any divergence in persistency rates from those assumed may have a greater impact (whether positive or negative) than in an open book, where other factors may offset some of this risk. Additionally, different persistency rates across certain types or classes of policyholders may have a greater impact than across others.

If the assumptions underlying the reserving basis were shown to be incorrect, the Issuer may have to increase the amount of its reserves or the amount of risk reinsured, or increase the amount of additional capital required (reducing the amount of capital which can be released from the businesses). If the Issuer's reserves prove to be inadequate to cover the actual loss experience, this would lead to unpredictable and volatile results. Although reserves are raised on a case-by-case basis, they do not represent an exact calculation of liability, but rather are estimates of the expected cost of the ultimate settlement. As they are estimates, reserves can be inaccurate in situations such as the following:

- a high claims inflation environment;
- a high interest rate environment;
- a deteriorating Norwegian kroner, or Swedish kronor, against other world currencies; and
- an increase in the litigious nature of society as a whole.

Failure or inaccuracy by the Issuer in its actuarial assumptions and/or reserves could have a material adverse impact on the Issuer's business, results of operations and/or financial condition.

The Issuer's life insurance reserves depend on the guaranteed minimum annual return, mortality assumptions, regulatory requirements regarding disability and other liabilities, as well as other factors.

The Issuer maintains reserves for its life insurance business to cover its estimated ultimate liabilities. Changes in guaranteed minimum annual return impact the discounted, booked value of reserves, and hence shareholders' equity. Guaranteed minimum annual returns may not change in line with market yields and may result in sudden changes in the reported amounts even if there was no corresponding change in investment yields and the value of assets. Moreover, changes in mortality assumptions may significantly impact annuity and other reserves. Loss reserves do not represent an exact calculation of ultimate liabilities, but rather are estimates of the expected liabilities. Furthermore, disability and other reserves depend on regulatory requirements as well as subjective factors, which may cause actual liabilities to differ from estimates. Likewise, annuity reserves may change significantly due to regulatory changes and other factors. Any insufficiencies in loss reserves for future claims and any change in reserves required as a result of changes in interest rates, mortality assumptions or other factors could adversely affect the extent to which new business may be written and may adversely affect the results of operations or financial condition of the Issuer.

Longer life expectancy might adversely affect the financial position of the issuer.

The life insurance industry in Norway has been involved with developing revised mortality tables in cooperation with the Norwegian FSA. Based on the mortality survey conducted by the industry, the Norwegian FSA has set a new minimum level for new mortality tariffs, which will be effective from 1 January 2014. This will require the strengthening of reserves in the pensions business as a result of longer life expectancy. The Norwegian FSA has recommended a reservation period for up to five years, starting from 2014. Surplus investment returns are allowed to cover the increased provision requirements, provided that at least 20 per cent. of the total reserve requirements are covered by the pension providers. The need for strengthening of such reserves increases the likelihood of the Issuer incurring a financial deficit and may adversely affect the results of operation or the financial condition of the Issuer during the period such reserves are being built up.

Loss of customer mandates may have a material adverse effect on the Storebrand Group's business.

In the event that the Storebrand Group's asset management business does not provide satisfactory or appropriate investment returns in the future, the Issuer's customers may decide to reduce or liquidate their investment or, alternatively, where relevant, transfer to other life insurance and pension providers, and new customers may not be attracted. If the Issuer underperforms its competitors or relevant benchmarks, there may be a material adverse effect on the Issuer's business, results of operations and/or financial conditions due to existing customers reducing or liquidating mandates or moving mandates to other managers, and to an inability to sell new products to existing or new customers.

The markets in which the Issuer operates are highly competitive and competition is likely to intensify.

The markets in which the Issuer operates are highly competitive, with several factors affecting the Issuer's ability to sell its products, including prices and yields offered, financial strength and ratings, range of product lines and product quality, brand strength and name recognition, and investment management performance. The Issuer faces competitors that have greater financial resources or a greater market share, or offer a broader range of products.

The Issuer believes competition will intensify across all products it intends to offer, in response to consumer demand, technological advances, the impact of consolidation, regulatory actions and other factors. The Issuer's ability to generate an appropriate return depends significantly upon its capacity to anticipate and respond appropriately to these competitive pressures.

The Issuer is highly reliant on the integrity and operation of its computer and communication systems and the internet.

The Issuer is highly reliant on computer systems for its business operations. Any failure or interruption of these systems could materially harm the Issuer's ability to carry out its business operations. The Issuer is also dependent on its ability to adapt its computer systems to new products and business needs. The implementation of new requirements resulting from the New Insurance Act also raises particular challenges during the transitional period. Increasing transaction volumes are also a challenge for the stability of the current systems.

The Issuer is also highly reliant on the networking infrastructure, including the Internet, for both the sale of products and its operations. In addition, the Issuer's business may be materially adversely affected by computer hacking, distributed denial of service attacks and other forms of cyber crime. Technical failures either internally or by suppliers could lead to severe loss of revenue and reputation.

The Issuer is vulnerable to adverse market perception as it must display a high level of integrity and have the trust and the confidence of its customers.

The Issuer must display a high level of integrity and have the trust and the confidence of its customers. Any mismanagement, fraud or failure to satisfy fiduciary or regulatory responsibilities, or the negative publicity resulting from such activities or allegations of such activities associated with the Issuer or a relevant industry sector generally could have a material adverse effect on the Issuer's business, results of operations and/or financial condition. In particular, reputational damage to the Issuer could adversely affect new business sales and margins. Negative publicity in respect of the Issuer could also potentially result in regulators subjecting the Issuer's business to closer scrutiny than would otherwise be the case, which may in turn result in higher costs, sanctions or fines.

The Issuer offers defined benefit pension schemes and other insurance products to its employees with which inherent funding risks are associated.

There are inherent funding risks associated with the Issuer's defined benefit pension schemes and other insurance products offered to its employees. Specifically, certain factors could result in the funding position of the schemes being materially reduced, and, in some cases, a deficit between the scheme's assets and liabilities could occur.

These factors include: (i) poor investment performance of pension fund investments, including equities, bonds and other forms of investment; (ii) employees' exceeding assumed life expectancies (which will make pensions payable for longer and therefore more expensive to provide, whether paid directly from the defined benefit schemes or secured by the purchase of annuities); (iii) adverse annuity rates (which tend in particular to depend on prevailing interest rates and life expectancy) which make it more expensive to secure benefits with an insurance company; and (iv) other events occurring which make past service benefits more expensive than predicted in the actuarial assumptions by reference to which funding requirements have been assessed.

If the scheme liabilities exceed its assets, the Issuer will need to make additional contributions to the scheme, which may have a material adverse effect on the Issuer's business and financial position.

The Issuer's success will depend upon its ability to motivate and retain key personnel.

The continued success of the business of the Issuer depends on its ability to attract, motivate and retain highly skilled management, employees and sales personnel. As a result, the inability to retain the necessary highly skilled and other personnel could have a material adverse effect on the Issuer's business, results of operations and/or financial condition.

In addition, if the Issuer loses any of its key investment managers it may also lose certain investment management mandates and funds and/or be "put on hold" by consultants and other controllers of investments, making the retention and winding up of mandates and funds more difficult.

The Issuer faces the risk of litigation or other proceedings in relation to its business.

The Issuer faces the risk of litigation and other proceedings in relation to its business. Even if the Issuer believes it has appropriately provided for the financial effects of litigation or other proceedings, the outcomes of any litigation may differ from management expectations exposing the Issuer to unexpected costs and losses, reputational and other non-financial consequences and diverting management attention. For example, the outcome of litigation and other proceedings may not correspond to the way the outcome is perceived by the market, and the Issuer's reputation may be impacted in a way which adversely affects its results of operations and financial conditions.

In addition, such proceedings relating to the Issuer's regulated businesses may expose it to increased regulatory scrutiny and oblige it to accept constraints which involve additional cost or otherwise put them at a competitive

disadvantage. Whether or not these or other proceedings are commenced or are successful, the Issuer is exposed to the risk of negative publicity and press speculation which, whether with or without any foundation, could cause damage to its reputation and other damage to its business, including the risk that it will be subjected to greater regulatory scrutiny. See further "*Description of the Issuer — Business Description — Litigation and Arbitration Proceedings*" below.

Changes in accounting standards, or in the interpretation of IFRS and other valuation methodologies, both specifically in relation to insurance and more generally, could have a negative impact on the financial position of the Issuer.

The Issuer prepares its consolidated financial statements in accordance with IFRS. Changes in standards or the interpretation of IFRS can be difficult to anticipate and may materially affect how the Issuer records and reports its financial results, which could in turn have a negative effect on the Issuer's financial results, distributable reserves and net assets.

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

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 should:

- (a) have 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 in this Prospectus;
- (b) have 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;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understand thoroughly the terms of the Notes and be familiar with the behaviour of EURIBOR and the financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Risks related to the Notes generally

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

The Notes are long-term securities

The Notes are scheduled to be redeemed at their principal amount on the Interest Payment Date falling in April 2043 (the **Maturity Date**), provided that on such date there is no deferral of redemption pursuant to Condition 7.2 (*Issuer deferral of redemption date*) and the preconditions to redemption set out in Condition 7.7 (*Preconditions to redemption and purchases*) are fulfilled, and provided that the prior approval of the Issuer Supervisor (if required) has been obtained. If this is not the case, the redemption of the Notes will be postponed (see "*Under certain conditions, redemption of the Notes must be deferred*" below).

The Issuer is under no obligation to redeem the Notes at any time before this date, and the Noteholders have no right to call for their redemption.

The Issuer's obligations under the Notes are subordinated

The claims of Noteholders and Couponholders against the Issuer in respect of payments of principal and interest on the Notes will, in the event of the liquidation, dissolution, administration or other winding-up of the Issuer by way of public administration, be subordinated in right of payment to the claims of all Senior Creditors of the Issuer. **Senior Creditors** means all creditors of the Issuer who are policyholders or other unsubordinated creditors of the Issuer. Although subordinated notes may pay a higher rate of interest than comparable notes which are not subordinated, there is a real risk that an investor in the Notes will lose all or some of his investment should the Issuer become insolvent.

Under certain conditions, interest payments under the Notes may be optionally or mandatorily deferred

The payment obligations by the Issuer under the Notes are conditional upon the Issuer being Solvent (as defined in the Terms and Conditions) at the time of payment, and still being Solvent immediately thereafter. If no distribution or dividend or other payment (including payment in relation to redemption or repurchase) has been made on or in respect of any Junior Securities or in respect of any class of Storebrand ASA's share capital since the date as provided in the Conditions and provided such Interest Payment Date is not a Mandatory Interest Deferral Date, the Issuer shall be entitled to defer payment of interest accrued in respect of the Notes and any such deferral shall not constitute a default in respect of the Notes. The Issuer must defer such interest payment on any Mandatory Interest Deferral Date and any such deferral shall not constitute a default in respect of the Notes.

All deferred interest on the Notes shall become due and payable in accordance with Condition 5.3 (*Arrears of Interest*). After the Issuer has fully paid all deferred interest on the Notes, if the Notes remain outstanding, future interest payments on the Notes will be subject to further deferral as described above.

Any deferral of interest payments is likely to have an adverse effect on the market price of the Notes. In addition, as a result of the interest deferral provision of the Notes, the market price of the Notes may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such deferrals and may be more sensitive generally to adverse changes in the Issuer's financial condition.

Under certain conditions, redemption of the Notes must be deferred

The obligations of the Issuer to make payments under the Notes are conditional upon the Issuer being Solvent (as defined in the Terms and Conditions) at the time of payment, and still being Solvent immediately thereafter and, in the case of the redemption of the Notes, the satisfaction of Condition 7.7 (*Preconditions to redemption and purchases*) and the relevant proposed redemption date not being a Mandatory Redemption Deferral Date.

Any such deferral is likely to have an adverse effect on the market value of the Notes and Noteholders may receive their investment back at a later point in time than initially expected. If the Notes are not redeemed on the Maturity Date due to the reasons set out above, Noteholders will (subject to any compulsory or optional deferral) continue to receive interest but will not receive any additional compensation for the postponement of the redemption. In addition, as a result of the redemption deferral provision of the Notes, the market price of the Notes may be more volatile than the market price of other debt securities which are not subject to such deferrals and may be more sensitive generally to adverse changes in the Issuer's financial condition.

Under certain conditions, amounts of principal and corresponding interest may be reduced

Under Norwegian legislation, the Issuer's subordinated capital (which would include principal and corresponding interest thereon in respect of the Notes) may, in certain circumstances, be cancelled, as described in Condition 3 (*Reduction of Amounts of Principal*).

The Issuer shall give not more than 30 nor less than 5 Business Days' prior notice to the Trustee, the Principal Paying Agent and to the Noteholders of any such cancellation of principal (and corresponding interest thereon) in respect of the Notes.

To the extent that only part of the outstanding principal amount of the Notes has been cancelled as provided above, interest will continue to accrue in accordance with the Conditions on the then remaining outstanding principal amount of the Notes.

The Notes are subject to optional redemption by the Issuer

The Issuer may, at its option, redeem the Notes prior to the Reset Date upon the occurrence of certain events, including an adverse change in tax consequences, a Capital Disqualification Event or a Rating Agency Event, as further described in Condition 7 (*Redemption and Purchase*). The Issuer may also, at its option, on the Reset Date or any Interest Payment Date thereafter, redeem the Notes, as further described in Condition 7 (*Redemption and Purchase*). The optional redemption feature of the Notes is likely to limit their market value. During any period when the Issuer may elect to redeem the Notes, their market value 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 the 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.

Changes in Relevant Rules upon implementation of new EU-legislation based on recommendations of the Basel Committee

The Issuer is currently subject to (i) capital requirements based on the EU Banking directives (Directive 2006/48/EC as amended) and (ii) solvency requirements based on EU Life Assurance Directive (directive 2002/83/EC as amended). When Directive 2006/48/EC is amended to implement new recommendations from the Basel Committee, Norwegian authorities may decide to apply some of those requirements to the Notes (even though not legally obliged to apply such rules to instruments issued by insurance companies). This may include

(but is not limited to) statutory requirements to write down the principal and interest of the Notes at the point of non-viability of the Issuer.

Changes in Relevant Rules upon implementation of the Solvency II Directive

The Terms and Conditions of the Notes provide that interest payments must be deferred and the Maturity Date must be postponed (in each case subject to limited exceptions further described in the Terms and Conditions), *inter alia*, if under the Relevant Rules a Regulatory Deficiency Interest Deferral Event or Regulatory Deficiency Redemption Deferral Event has occurred and is continuing.

In addition, the Issuer may call the Notes for redemption prior to the Reset Date, *inter alia*, if, upon the implementation of the Solvency II Directive into the Relevant Rules, the Notes would not be eligible to qualify for cover for capital requirements or treated as own funds or as tier 2 regulatory capital whether on a standalone, group or consolidated basis.

Although the Solvency II Directive has been adopted by the European Parliament and the Council of the European Union and published in the Official Journal of the European Union on 17 December 2009, as amended from time to time, the implementation rules in general and the exact criteria for instruments eligible as tier 2 regulatory capital as well as the corresponding transitional arrangements in particular have yet to be finalised. Therefore, it is currently difficult to predict the exact effect the implementation of the Solvency II Directive will have on the Issuer and the Storebrand Life Group as well as on the eligibility of the Notes to qualify as tier 2 regulatory capital.

Accordingly, Noteholders should be aware that the implementation of the Solvency II Directive may lead to, or increase the likelihood of, an optional or mandatory deferral of interest payments under the Notes and/or a postponement of the Maturity Date of the Notes and/or an early redemption of the Notes. Such final implementation may also impact the Issuer's ability to pay any Arrears of Interest.

No limitation on issuing further debt and guarantees

There is no restriction on the amount of debt which the Issuer may issue ranking equal or senior to the obligations under or in connection with the Notes and there is no restriction on the amount of debt or guarantees which the Issuer may issue ranking equal or senior to the obligations under or in connection with the Notes. Such issuance of further debt and guarantees may reduce the amount recoverable by the Noteholders upon insolvency or winding-up of the Issuer or may increase the likelihood that payments of the principal amount or interest under the Notes will be mandatorily deferred or may, in the case of interest payments, be deferred at the option of the Issuer.

Fixed to Floating Rate Notes and interest rate risks

The Notes bear interest at a fixed rate to but excluding the Reset Date.

During that time, Noteholders are exposed to the risk that the price of such Notes may fall because of changes in the market yield. While the nominal interest rate (i.e. the coupon) of the Notes is fixed until (but excluding) the Reset Date, the market yield typically changes on a daily basis. As the market yield changes, the price of the Notes changes in the opposite direction. If the market yield increases, the price of the Notes falls. If the market yield falls, the price of the Note increases. Noteholders should be aware that movements of the market yield can adversely affect the price of the Notes and can lead to losses for the Noteholders.

Noteholders should also be aware that the market yield has two components, namely the risk-free rate and the credit spread. The credit spread is reflective of the yield that investors require in addition to the yield on a risk-free investment of equal tenor as a compensation for the risks inherent in the Notes. The credit spread changes over time and can decrease as well as increase for a large number of different reasons. The market yield of the Notes can change due to changes in the credit spread, the risk-free rate, or both.

If the Notes are not called on the Reset Date, the Notes will bear interest at a floating rate from, and including, the Reset Date to, but excluding, the Maturity Date. The floating rate applicable to the Notes from (and including) the Reset Date is based on two components, namely the 6-months EURIBOR and the Margin. The floating rate (i.e. the coupon) is payable semi-annually, and will be set immediately prior to any floating Interest Period to the then prevailing 6-months EURIBOR rate plus the Margin. The Margin is fixed at the time of issuance of the transaction.

Noteholders should be aware that the floating rate interest income is subject to changes to the 6-months EURIBOR and therefore cannot be anticipated. Hence, Noteholders are not able to determine a definite yield of the Notes at the time of purchase, so that their return on investment cannot be compared with that of investments in simple fixed rate (i.e. fixed rate coupons only) instruments.

Since the Margin is fixed at the time of issuance of the transaction, Noteholders are subject to the risk that the Margin does not reflect the spread that investors require in addition to the 6-month EURIBOR as a compensation for the risks inherent in the Notes (**market spread**). The market spread typically changes on a daily basis. As the market spread changes, the price of the Notes changes in the opposite direction. A decrease in the market spread has a positive impact on the price of the Notes; an increase in the market spread has a negative impact on the price of the Note. However, the price of the Notes is subject to changes in the market spread, changes in

the 6-months EURIBOR or both. Noteholders should be aware that movements in the market spread can adversely affect the price of the Notes and can lead to losses for the Noteholders.

In addition, Noteholders are exposed to reinvestment risk with respect to proceeds from coupon payments or early redemptions by the Issuer. If the market yield (or market spread respectively) declines, and if Noteholders want to invest such proceeds in comparable transactions, Noteholders will only be able to reinvest such proceeds in comparable transactions at the then prevailing lower market yields (or market spreads respectively).

The market value of the Notes could decrease if the creditworthiness of the Storebrand Life Group worsens

If the likelihood that the Issuer will be in a position to fully perform all obligations under the Notes when they fall due decreases, for example, because of the materialisation of any of the risks regarding the Storebrand Life Group or the Issuer, the market value of the Notes will suffer. In addition, even if the likelihood that the Issuer will be in position to fully perform all obligations under the Notes when they fall due actually has not decreased, market participants could nevertheless have a different perception. In addition, the market participants' estimation of the creditworthiness of corporate debtors in general or debtors operating in the same business as the Storebrand Life Group could adversely change. If any of these risks occurs, third parties would only be willing to purchase Notes for a lower price than before the materialisation of the aforementioned risk. Under these circumstances, the market value of the Notes will decrease.

There are no events of default under the Notes

The Terms and Conditions do not provide for events of default allowing acceleration of the Notes if certain events occur. Accordingly, if the Issuer fails to meet any obligations under the Notes, including the payment of any interest, investors will not have the right of acceleration of principal. Upon a payment default, the sole remedy available to Noteholders for recovery of amounts owing in respect of any payment of principal or interest on the Notes will be the institution of proceedings to enforce such payment. Notwithstanding the foregoing, the Issuer will not, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

Set-off risk

Subject to applicable law, no Noteholder who shall be indebted to the Issuer shall be entitled to exercise any right of set-off or counterclaim against moneys owed to the Issuer in respect of such indebtedness.

Meeting of Noteholders, modification and waivers.

The Conditions 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 Conditions also provide that the Trustee may, without the consent of the Noteholders or Couponholders, agree to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the Conditions or any of the provisions of the Trust Deed.

Change of law

The Conditions are based on English and Norwegian law in effect as at the date of this Prospectus. 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 Prospectus.

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

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

The Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the common depository for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Minimum Denomination

As the Notes have a denomination consisting of the minimum denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of EUR100,000 (or its equivalent) that are not integral multiples of EUR100,000 (or its equivalent). In such case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum denomination 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 such that its holding amounts to the minimum denomination.

Payments on the Notes may be subject to U.S. withholding under the Foreign Account Tax Compliance provisions (FATCA) of the Hiring Incentives to Restore Employment Act of 2010

The Issuer and other financial institutions through which payments on the Notes are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, payments made after 31 December 2016 with respect to the Notes (i) if they are treated as equity for U.S. federal income tax purposes or (ii) if they are treated as debt for U.S. federal income tax purposes and the terms of the Notes are materially modified on or after the later of 1 January 2014 and the date that is six months after the date on which the final regulations that define "foreign passthru payments" for purposes of FATCA are filed with the Federal Register. Such withholding tax generally would apply unless the recipient of the relevant payment has entered into an agreement with the U.S. Internal Revenue Service (**IRS**) to provide certain information on its account holders or is otherwise exempt from or in deemed-compliance with FATCA. If the Issuer itself is not in compliance with FATCA, payments it receives may be subject to FATCA withholding.

If an amount in respect of FATCA were to be deducted or withheld from interest, principal or other payments on or with respect to the Notes, the Issuer would have no obligation to pay additional amounts or otherwise indemnify a holder for any such withholding or deduction by the Issuer, the Principal Paying Agent or any other party as a result of the deduction or withholding of such amount. As a result, Noteholders may receive less interest or principal than expected.

If FATCA withholding is imposed, a Noteholder generally will be able to obtain a refund only to the extent an applicable income tax treaty with the United States entitles the Noteholder to a reduced rate of tax on the payment that was subject to withholding under FATCA, provided the required information is furnished in a timely manner to the IRS.

Significant aspects of the application of FATCA are currently not clear. The above description is based on final regulations and interim guidance published by the IRS. Noteholders should consult their own advisers about the application of FATCA, in particular if they may be classified as financial institutions under the FATCA rules.

Risks related to the market generally

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

The secondary market generally

The Notes will not have an established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of the Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the Investor's Currency) other than euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of euro 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 Norwegian kroner 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. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Credit ratings may not reflect all risks

The Notes are expected to be rated Baa2 (negative outlook) by Moody's and BBB by S&P. Each of Moody's and S&P is established in the European Economic Area (**EEA**) and registered under Regulation (EC) No 1060/2009, as amended (the **CRA Regulation**) and are, as of the date of this Prospectus, included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. 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 or withdrawn by the rating agency at any time.

Legal investment considerations may restrict certain investments

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

Documents Incorporated by Reference

The following documents which have previously been published and have been filed with the CSSF contain the following information that shall be deemed to be incorporated in, and form part of, this Prospectus:

- (a) the auditors report and audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2012:
- | | |
|--|---------------|
| Profit and loss account..... | Pages 3 to 4 |
| Statement of financial position | Pages 5 to 6 |
| Reconciliation of change in equity | Page 7 |
| Cash flow analysis | Page 8 |
| Notes | Pages 9 to 65 |
| Audit report | Page 66 |
- (b) the auditors report and audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2011:
- | | |
|--|---------------|
| Profit and loss account..... | Page 3 |
| Statement of financial position | Pages 4 to 5 |
| Reconciliation of change in equity | Page 6 |
| Cash flow analysis | Page 7 |
| Notes | Pages 8 to 67 |
| Audit report | Page 68 |

The non-incorporated parts of the documents referred to above are not relevant for the investor or covered elsewhere in this Prospectus.

The page numbers set out in the tables above refer to the page numbers of the PDF copies of such documents which are available as described below.

Following the approval of this Prospectus, a supplement may be prepared by the Issuer and approved by the CSSF in accordance with Article 16 of the Prospectus Directive and Article 13 of the Prospectus Law. The Prospectus can only be supplemented between the approval date of the Prospectus and the date of commencement of trading of the Notes on the Luxembourg Stock Exchange's regulated market. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Copies of documents incorporated by reference in this Prospectus can be obtained from the registered office of the Issuer and from the specified offices of the Paying Agents for the time being in London and Luxembourg. In addition, copies of such documents will be available on the website of the Luxembourg Stock Exchange, www.bourse.lu.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

Conditions of the Notes

*The following is the text of the conditions of the Notes (the **Conditions**) which (subject to modification and save for the paragraphs in italics) will be endorsed on each Note in definitive form (if issued):*

The €300,000,000 Fixed/Floating Rate Dated Subordinated Notes due 2043 (the **Notes**, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 15 (*Further Issues*) and forming a single series with the Notes) of Storebrand Livsforsikring AS (the **Issuer**) are constituted by a Trust Deed dated 4 April 2013 (the **Trust Deed**) made between the Issuer and Citicorp Trustee Company Limited (the **Trustee**, which expression shall include its successor(s)) as trustee for the holders of the Notes (the **Noteholders**) and the holders of the interest coupons appertaining to the Notes (the **Couponholders** and the **Coupons** respectively, which expressions shall, unless the context otherwise requires, include the talons for further interest coupons (the **Talons**) and the holders of the Talons).

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed. Copies of the Trust Deed and the Agency Agreement dated 4 April 2013 (the **Agency Agreement**) made between the Issuer, Citibank, N.A., London Branch as principal paying agent (the **Principal Paying Agent**, which expression shall include any successor thereto) and the other paying agent named therein and any successors thereto (together with the Principal Paying Agent, the **Paying Agents**), Citibank, N.A., London Branch as calculation agent or agent bank (the **Agent Bank**, which expression shall include any successor thereto) and the Trustee are available for inspection during normal business hours by the Noteholders and the Couponholders at the registered office for the time being of the Trustee, being at the date of issue of the Notes at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB and at the specified office of each of the Paying Agents. The Noteholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them.

1. Form, Denomination and Title

1.1 Form and Denomination

The Notes are in bearer form, serially numbered, in the denominations of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000, each with Coupons and one Talon attached on issue. Notes of one denomination may not be exchanged for Notes of any other denomination.

1.2 Title

Title to the Notes and to the Coupons will pass by delivery.

1.3 Holder Absolute Owner

The Issuer, any Paying Agent and the Trustee may (to the fullest extent permitted by applicable laws) deem and treat the bearer of any Note or Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note or Coupon or any notice of previous loss or theft of the Note or Coupon or of any trust or interest therein) and shall not be required to obtain any proof thereof or as to the identity of such bearer.

2. Status and Subordination

2.1 Status

The Notes and Coupons constitute, in the case of the Notes, dated and, in the case of the Notes and the Coupons, unsecured and subordinated obligations of the Issuer, conditional as described below, and at all times rank *pari passu* without any preference among themselves and at least equally with Other *Pari Passu* Claims outstanding from time to time (whether actual or contingent).

2.2 Subordination

The right to payment in respect of the Notes and the Coupons is subordinated in the event of the liquidation, dissolution, administration or other winding-up of the Issuer by way of public administration in the manner provided in the Trust Deed to the claims of Senior Creditors and (except in the event of the liquidation, dissolution, administration or other winding-up of the Issuer by way of public administration) all payments of principal and interest in respect of the Notes and the Coupons are conditional upon the Issuer being Solvent at the time of payment by the Issuer and (except as aforesaid) no principal or interest shall be payable in respect of the Notes or the Coupons except to the extent that the Issuer could make such payment in whole or in part, rateably with the payments in respect of Other *Pari Passu* Claims, and still be Solvent immediately thereafter.

The payment of interest on the Notes is also subject to the provisions of Condition 5 (*Deferral of Payments*) and the payment of principal on the Notes is also subject to the provisions of Condition 7.2 (*Issuer deferral of redemption date*).

The provisions of this Condition 2 (*Status and Subordination*) apply only to the principal and interest in respect of the Notes and nothing in this Condition 2.2 (*Subordination*) shall affect or prejudice the payment of the costs, charges, expenses, liabilities or remuneration of the Trustee or the rights and remedies of the Trustee in respect thereof.

2.3 No Set-off

No Holders of Notes or Coupons who shall be indebted to the Issuer shall be entitled to exercise any right of set-off or counterclaim against moneys owed to the Issuer in respect of such indebtedness.

3. Reduction of Amounts of Principal

The payment obligations of the Issuer under the Notes and the Coupons will be performed in full for so long as the Issuer is able to meet all of its liabilities (whether subordinated or not) as they fall due. Pursuant to the Norwegian Act on Guarantee Schemes for Banks and Public Administration (the Act) of 6 December 1996, Section 3-1(1), the Board of Directors and the Managing Director of a financial institution (such as the Issuer) are separately obliged to notify the Issuer Supervisor if there is reason to think that:

1. there may be a failure in the ability of the institution to meet its liabilities as they fall due; or
2. the institution will not be able to meet the minimum requirements on capital adequacy or other statutory requirements on solidity or security; or
3. events have occurred that may lead to a serious depletion of confidence or losses that will significantly reduce or threaten solidity.

Pursuant to Section 3-1(2) of the Act, if the external auditor of the institution becomes aware of any such conditions, he shall notify the Issuer Supervisor unless he has already been informed by the Issuer Supervisor that such notice has been received from the Board of Directors and the Managing Director of the institution.

Section 3-2 of the Act provides that the Issuer Supervisor, upon receipt of the notice referred to in Section 3-1 or the Issuer Supervisor itself having reason to believe that the conditions stipulated under Section 3-1 have occurred, shall, in consultation with the institution, consider what measures are necessary. If no required measures are implemented by the institution itself, the Issuer Supervisor may summon a shareholders' meeting without observing set notice periods to require a change in the composition of the corporate bodies of the institution as well as stipulate such conditions and guidelines that it deems necessary for the continued operation of the institution on a sound economic basis and in an otherwise proper way.

Section 3-4 of the Act states that a shareholders' meeting shall be called if a significant part of the institution's equity has been lost or if the audited statement of financial position shows that more than 25 per cent. of the share capital of the institution has been lost. The shareholders' meeting shall decide whether the institution has sufficient capital to continue its operations in a proper way. A decision to such effect requires a qualified majority and approval by the Issuer Supervisor. If such decision is not reached, the shareholders' meeting may by a simple majority resolve that the total business of the institution shall be taken over by another institution. In the absence of any such decision, the institution shall be liquidated by a board appointed by the Issuer Supervisor.

Section 3-5 of the Act provides that if the audited statement of financial position shows that only 25 per cent. or less of the share capital of a financial institution is intact, the board shall present to the general meeting a description of the institution's financial position, accompanied by a proposal to write down the share capital against losses shown in the audited statement of financial position. If the general meeting does not pass a resolution pursuant to the write-down proposal within the period stipulated by the Issuer Supervisor, the Ministry of Finance may decide that the share capital shall be written down by the amount of capital shown to have been lost by the audited statement of financial position.

Pursuant to Section 3-6 of the Act, subordinated capital (which term under the Act includes, but does not distinguish between, dated and undated subordinated indebtedness) may be written down if the audited accounts of a financial institution show that a substantial part of the institution's subordinated capital has been lost. Such a write-down may be resolved by a shareholders' meeting acting upon a proposal which the Board of Directors is obliged to submit under such circumstances. If the shareholders' meeting does not resolve on a write-down, the Ministry of Finance may decide that the subordinated capital shall be written down to the extent required to cover the loss of such capital.

If the Board of Directors were required to submit such a proposal, the Issuer has undertaken below that such a proposal would include a recommendation from the Board of Directors that principal in respect of tier one indebtedness should be written down prior to any principal in respect of undated tier 2 subordinated indebtedness and undated tier 2 subordinated indebtedness shall be written down prior to any principal in respect of dated tier 2 subordinated indebtedness (including the Notes). It should be noted that such a recommendation would not

bind the decision to be taken at such a shareholders' meeting which could resolve to write-down principal in respect of subordinated indebtedness (whether dated or undated and whether tier one or tier two) in such order as the shareholders determine. If the shareholders' meeting does not resolve on a write-down, the Ministry of Finance may decide that the subordinated capital shall be written down to the extent required to cover the loss of such capital.

Section 3-6 will apply irrespective of whether an institution is under public administration or not. However, in view of the circumstances under which the board of an institution must propose a write-down to the shareholders' meeting, it seems reasonable to assume that public administration of the relevant financial institution will be one of the alternatives that will be considered by the regulatory authorities at such time.

Pursuant to Section 4-5 of the Act, the Ministry of Finance may place a financial institution such as the Issuer under public administration if the Issuer cannot meet its liabilities as they fall due and the economic conditions for future activity are not present. The same applies if the Issuer will not be able to satisfy capital adequacy or solvency (if applicable) requirements, unless a temporary dispensation is given. If the Issuer is placed under public administration the Issuer Supervisor shall appoint an administration board, which replaces all the corporate bodies of the institution.

Pursuant to Section 4-6 of the Act, while under public administration, no payment may be made to creditors without the consent of the Issuer Supervisor.

A public administration proceeding may result in one of the following three outcomes (i) the institution is allowed to resume operation (Section 4-9) after, if necessary, a financial restructuring, (ii) the institution may be merged with or taken over by another institution, or (iii) if (i) or (ii) has not materialised or does not seem imminent within one year of being placed under public administration, the institution shall be dissolved.

Note: The above is a summary of the provisions of the Act as such provisions currently apply to a Norwegian insurance company facing equity/ liquidity problems as described. The provisions of the Act may change, and the Issuer may be subject to such provisions in the Act as they apply from time to time. This summary does not purport to reflect all relevant and detailed rules of such Act, and the Issuer assumes no obligation to update or supplement this summary to reflect any amendments to the provisions of the Act or otherwise inform of any changes which occur or are implemented in Norwegian law after the issue of the Notes.

Pursuant to the above, and subject to applicable provisions of Norwegian law, the Issuer undertakes that it will recommend that its shareholders cancel all principal in respect of all Tier 1 Capital, all paid up equity and equity fund/retained earnings of the Issuer and all Undated Tier 2 Capital of the Issuer before cancelling any principal in respect of the Notes. Cancellations of principal in respect of the Notes shall occur *pari passu* amongst the Notes and on a *pro rata* basis with all Other *Pari Passu* Claims.

The Issuer shall give not more than 30 nor less than 5 Business Days' prior notice to the Trustee, the Principal Paying Agent and to the Noteholders in accordance with Condition 12 (*Notices*) of any cancellation of principal in respect of the Notes pursuant to this Condition 3 (*Reduction of Amounts of Principal*).

To the extent that only part of the principal amount of the Notes has been cancelled as provided above, interest will continue to accrue in accordance with these Conditions on the remaining outstanding principal amount of the Notes.

4. Interest

4.1 Interest Payment Dates

The Notes bear interest on their outstanding principal amount from and including the Interest Commencement Date, payable (subject as provided below) annually in arrear on 4 April in each year from and including 4 April 2014 to and including the Reset Date (each a **Fixed Interest Payment Date**). Thereafter interest will be payable semi-annually in arrear on 4 April and 4 October in each year (together with each Fixed Interest Payment Date, each an **Interest Payment Date**). If any Interest Payment Date (other than a Fixed Interest Payment Date) would otherwise fall on a day which is not a Business Day it shall be postponed to the next day which is a Business Day unless it would then fall into the next calendar month in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

Whenever it is necessary to compute an amount of interest in respect of the Notes for a period other than an Interest Period and such period ends prior to the Reset Date or on the Reset Date, such interest shall be calculated by applying the Fixed Rate of Interest to the outstanding principal amount of such Note (taking into account any adjustment to such amount during such Interest Period), multiplying such sum by the Fixed Day Count Fraction and rounding the resultant figure to the nearest cent, half a cent being rounded upwards, or otherwise in accordance with applicable market convention.

Whenever it is necessary to calculate an amount of interest in respect of the Notes for a period beginning on or after the Reset Date, such interest shall be calculated on the basis of the actual number of days in the relevant period divided by 360 and otherwise in accordance with Condition 4.4 (*Determination of Floating Rate of Interest and Interest Amount*) below.

4.2 Interest Accrual

Each Note will cease to bear interest from and including its due date for redemption (which due date shall, in the case of deferral of a redemption date in accordance with Condition 7.2 (*Issuer deferral of redemption date*), be the latest date to which redemption of the Notes is so deferred) unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment, in which event interest shall continue to accrue as provided in the Trust Deed.

4.3 Interest Rate

The rate of interest payable in respect of each Interest Period ending prior to the Reset Date shall be 6.875 per cent. per annum (the **Fixed Rate of Interest**). Thereafter, the rate of interest payable from time to time in respect of the Notes (the **Floating Rate of Interest**) will be determined on the basis of the following provisions:

- (a) on each Interest Determination Date, the Agent Bank will determine the Screen Rate at approximately 11.00 a.m. (Brussels time) on that Interest Determination Date. If the Screen Rate is unavailable, the Agent Bank will request the principal Euro-zone office of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in euro are offered by it to prime banks in the Euro-zone interbank market for six months at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question and for a Representative Amount;
- (b) the Floating Rate of Interest for the Interest Period shall be the Screen Rate plus the Margin or, if the Screen Rate is unavailable, and at least two of the Reference Banks provide such rates, the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) as established by the Agent Bank of such rates, plus the Margin; and
- (c) if fewer than two rates are provided as requested, the Floating Rate of Interest for that Interest Period will be the arithmetic mean of the rates quoted by major banks in the Euro-zone, selected by the Agent Bank, at approximately 11.00 a.m. (Brussels time) on the first day of such Interest Period for loans in euro to leading European banks for a period of six months commencing on the first day of such Interest Period and for a Representative Amount, plus the Margin. If the Floating Rate of Interest cannot be determined in accordance with the above provisions, the Floating Rate of Interest shall be determined as at the last preceding Interest Determination Date (unless such Interest Determination Date was in respect of an Interest Period ending prior to the Reset Date, in which case the Floating Rate of Interest shall be determined by the Agent Bank in its sole discretion, acting in good faith and in a commercial and reasonable manner).

4.4 Determination of Floating Rate of Interest and Interest Amount

In respect of each Interest Period starting on or after the Reset Date, the Agent Bank shall, as soon as practicable after 11.00 a.m. (Brussels time) on each Interest Determination Date, but in no event later than the third Business Day thereafter, determine the euro amount (the **Interest Amount**) payable in respect of interest on each Note for the relevant Interest Period. The Interest Amount shall be determined by applying the Floating Rate of Interest to such principal amount, multiplying the sum by the actual number of days in the Interest Period concerned divided by 360 and rounding the resultant figure to the nearest cent (half a cent being rounded upwards).

4.5 Publication of Floating Rate of Interest and Interest Amount

The Agent Bank shall cause the Floating Rate of Interest and the Interest Amount for each Interest Period starting on or after the Reset Date and the relative Interest Payment Date to be notified to the Issuer, the Paying Agents and the Trustee and to any stock exchange or other relevant authority on which the Notes are at the relevant time listed (by no later than the first day of each Interest Period) and to be published in accordance with Condition 12 (*Notices*) as soon as possible after their determination, and in no event later than the second Business Day thereafter. The Interest Amount and Interest Payment Date may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

4.6 Determination by the Trustee

If the Agent Bank defaults at any time in its obligation to determine the Floating Rate of Interest and Interest Amount in accordance with the above provisions, the Trustee shall (or shall at the expense of the Issuer appoint an agent to) determine the Floating Rate of Interest and Interest Amount in the manner provided in Condition 4.3 (*Interest Rate*) and Condition 4.4 (*Determination of Floating Rate of Interest and Interest Amount*) and the determinations shall be deemed to be determinations by the Agent Bank.

4.7 Notifications, etc. to be final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4 (*Interest*), whether by the Reference Banks (or any of them), the Agent Bank or the Trustee (or its agent), will (in the absence of wilful default, bad faith and manifest error) be binding on the Issuer, the Trustee, the Agent Bank, the Paying Agents and all Noteholders and Couponholders and (in the absence of wilful default and bad faith) no liability to the Issuer, or the Noteholders or the Couponholders shall attach to the Reference Banks (or any of them), the Agent Bank or, if applicable, the Trustee (or its agent) in connection with the exercise or non-exercise by any of them of their powers, duties and discretions under this Condition 4 (*Interest*).

4.8 Agent Bank

The Issuer shall procure that, so long as any of the Notes remains outstanding (as defined in the Trust Deed), there is at all times an Agent Bank for the purposes of the Notes and the Issuer may, subject to the prior written approval of the Trustee, terminate the appointment of the Agent Bank. In the event of the appointed office of any bank being unable or unwilling to continue to act as the Agent Bank or failing duly to determine the Floating Rate of Interest and the Interest Amount for any Interest Period, the Issuer shall, subject to the prior written approval of the Trustee, appoint the Euro-zone office of another major bank engaged in the Euro-zone interbank market to act in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed.

5. Deferral of Payments

5.1 Optional Deferral of Interest

Without prejudice to Condition 5.2 (*Mandatory Deferral of Interest*), on any Optional Interest Payment Date, the Issuer may in the manner described in Condition 5.4 (*Notification in respect of Interest Payments*) elect not to pay the interest in respect of the Notes accrued in the Interest Period ending on the day immediately preceding such date. If the Issuer so elects, it shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Issuer for any purpose.

5.2 Mandatory Deferral of Interest

Payment of interest on the Notes by the Issuer will be mandatorily deferred on each Mandatory Interest Deferral Date and such failure to pay shall not constitute a default by the Issuer for any purpose.

At the same time as notifying the Trustee and the Noteholders of a Mandatory Interest Deferral Date in accordance with Condition 5.4 (*Notification in respect of Interest Payments*), the Issuer shall send to the Trustee a certificate signed by two Directors of the Issuer confirming that the relevant Interest Payment Date is a Mandatory Interest Deferral Date. Any such certificate shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof, shall be binding on all such persons and the Trustee shall be entitled to rely on such certificate without liability to any person.

5.3 Arrears of Interest

- (a) Any interest in respect of the Notes not paid on an Interest Payment Date as a result of the exercise by the Issuer of its discretion to defer such payment of interest pursuant to Condition 5.1 (*Optional Deferral of Interest*), the obligation of the Issuer to defer such payment of interest pursuant to Condition 5.2 (*Mandatory Deferral of Interest*) and any interest not paid pursuant to Condition 2.2 (*Subordination*) because the Issuer was not or would not be Solvent, shall, to the extent and so long as the same remains unpaid, constitute **Arrears of Interest**. Interest will not accrue on Arrears of Interest.
- (b) Arrears of Interest may (subject to Condition 2.2 (*Subordination*) and to receiving the prior approval of the Issuer Supervisor (if required) and provided that the intended date of such payment is not a Mandatory Interest Deferral Date), at the option of the Issuer, be paid in whole or in part at any time upon the expiry of not less than 5 days' notice to such effect given by the Issuer to the Trustee, the Principal Paying Agent and the Noteholders in accordance with Condition 12 (*Notices*) and in any event become due and payable by the Issuer (subject, in the case of paragraphs (i), (ii), (iv) and (v) below, to Condition 2.2 (*Subordination*) and to receiving the prior approval of the Issuer Supervisor (if required)) in full (and not in part) on the earliest of:
 - (i) seven Business Days following the date on which the Issuer next satisfies the Capital Adequacy Requirements (as defined in the definition of Mandatory Interest Deferral Date) *provided that* (A) the Issuer shall be deemed not to have satisfied the Capital Adequacy Requirements if the payment of such Arrears of Interest would result in a Breach (as defined in the definition of Mandatory Interest Deferral Date), (B) no Arrears of Interest shall be payable pursuant to this paragraph (i) if the test set out in paragraph (b) of the definition of Optional Interest Payment Date is satisfied on such date and (C) no Arrears of Interest shall be payable

- pursuant to this paragraph (i) if the date when payment would otherwise be due is a Mandatory Interest Deferral Date; or
- (ii) the date on which the Notes are to be redeemed or purchased pursuant to any provision of Condition 7 (*Redemption and Purchase*) (subject to any deferral of such redemption date pursuant to Condition 7.2 (*Issuer deferral of redemption date*)); or
 - (iii) the date on which an order for the liquidation, dissolution, administration or other winding-up of the Issuer by way of public administration is made; or
 - (iv) the next Interest Payment Date on which a payment of interest is made on the Notes; or
 - (v) subject as provided below, the date on which the Issuer or any other person declares or pays any distribution or dividend or makes any other payment (including payment in relation to redemption or repurchase) on or in respect of any Junior Securities or Parity Securities, or the date on which any dividend or other distribution on or payment (including payment in relation to redemption or repurchase) on or in respect of any class of Storebrand ASA's share capital is irrevocably declared.

Arrears of Interest shall not be due solely by virtue of any payment on any Parity Securities the terms of which do not allow the issuer of the relevant securities to defer, pass on or eliminate the relevant payment.

If notice is given by the Issuer of its intention to pay the whole or any part of Arrears of Interest the Issuer shall be obliged to make such payment upon the expiration of such notice.

In the event of any liquidation, dissolution, administration or other winding-up of the Issuer by way of public administration, unpaid interest in respect of the Notes, including any Arrears of Interest, shall rank *pari passu* with the principal of the Notes and the Noteholders shall be entitled to claim for such principal, unpaid interest and Arrears of Interest on the Notes.

5.4 Notification in respect of Interest Payments

The Issuer shall give to the Trustee and the Noteholders in accordance with Condition 12 (*Notices*) not less than 5 days' nor more than 14 days' prior notice:

- (a) of (subject as provided below) any Optional Interest Payment Date on which, pursuant to the provisions of Condition 5.1 (*Optional Deferral of Interest*) above, the Issuer will not pay any amounts of interest in respect of the Notes;
- (b) of any Mandatory Interest Deferral Date, provided that if the conditions to the relevant Interest Payment Date being a Mandatory Interest Deferral Date are satisfied less than 5 days prior to an Interest Payment Date, the Issuer shall give notice of the interest deferral in accordance with Condition 12 (*Notices*) as soon as reasonably practicable following the occurrence of such event; and
- (c) of any date upon which, pursuant to the provisions of Condition 5.3(b) (*Arrears of Interest*) above, amounts in respect of Arrears of Interest shall become due and payable.

Once notice of any mandatory or optional payment of amounts in respect of Arrears of Interest has been given by the Issuer, the Issuer shall be bound to make such payment to which such notice refers.

5.5 Partial Payment of Arrears of Interest

If amounts in respect of Arrears of Interest become partially payable:

- (a) Arrears of Interest accrued for any period shall not be payable until full payment has been made of all Arrears of Interest that have accrued during any earlier period; and
- (b) the amount of Arrears of Interest payable in respect of any Note shall be *pro rata* to the total amount of all unpaid Arrears of Interest accrued to the date of payment.

6. Payments and Exchanges of Talons

6.1 Payments in respect of Notes and Coupons

Payments of principal and interest in respect of each Note will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the Note, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents.

6.2 Method of Payment

Payments will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by euro cheque.

6.3 Missing Unmatured Coupons

Each Note should be presented for payment together with all relative unmatured Coupons (which expression shall, for the avoidance of doubt, include Coupons falling to be issued on exchange of matured Talons). Upon the date on which any Note becomes due and repayable, all unmatured Coupons appertaining to the Note (whether or not attached) shall become void and no payment shall be made in respect of such Coupons.

6.4 Payments subject to Applicable Laws

Payments in respect of principal and interest on the Notes are subject in all cases to (i) any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*) 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, official interpretations thereof, or any law implementing an intergovernmental approach thereto.

6.5 Payment only on a Presentation Date

A holder shall be entitled to present a Note or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 4 (*Interest*), be entitled to any further interest or other payment if a Presentation Date is after the due date.

Presentation Date means a day which (subject to Condition 9 (*Prescription*)):

- (a) is or falls after the relevant due date;
- (b) is a Business Day in the place of the specified office of the Paying Agent at which the Note or Coupon is presented for payment; and
- (c) in the case of payment by credit or transfer to a euro account as referred to above, is a TARGET Settlement Day.

In this Condition 6 (*Payments and Exchanges of Talons*), **Business Day** means, in relation to any place, 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 that place.

6.6 Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet (including any appropriate further Talon), subject to the provisions of Condition 9 (*Prescription*). Each Talon shall, for the purposes of these Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

6.7 Initial Paying Agents

The names of the initial Paying Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that:

- (a) there will at all times be a Principal Paying Agent;
- (b) there will at all times be at least one Paying Agent (which may be the Principal Paying Agent) having its specified office in a European city approved by the Trustee which so long as the Notes are listed on the official list of the Luxembourg Stock Exchange shall be Luxembourg or such other place as the *Commission de Surveillance du Secteur Financier* may approve;
- (c) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; and
- (d) there will at all times be a Paying Agent in a jurisdiction within continental Europe, other than the jurisdiction in which the Issuer is incorporated.

Notice of any termination or appointment and of any changes in specified offices will be given to the Noteholders promptly by the Issuer in accordance with Condition 12 (*Notices*).

7. Redemption and Purchase

7.1 Redemption at Maturity

Subject to Conditions 7.2 (*Issuer deferral of redemption date*) and 7.7 (*Preconditions to redemption and purchases*) and to receiving the prior approval of the Issuer Supervisor (if required), unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on the Interest Payment Date falling in April 2043 (the **Maturity Date**) together with any Arrears of Interest (if payable) and any other accrued and unpaid interest to (but excluding) the Maturity Date.

7.2 Issuer deferral of redemption date

- (a) No Notes shall be redeemed on the Maturity Date pursuant to Condition 7.1 (*Redemption at Maturity*) or prior to the Maturity Date pursuant to Conditions 7.3 (*Redemption for Taxation Reasons*), 7.4 (*Redemption at the Option of the Issuer*), 7.5 (*Capital Disqualification Event Redemption*) or 7.6 (*Ratings Agency Event Redemption*) if the date set for redemption is a Mandatory Redemption Deferral Date.
- (b) The Issuer shall notify the Trustee, the Principal Paying Agent and the Noteholders in accordance with Condition 12 (*Notices*) no later than 5 days prior to any date set for redemption of the Notes if such redemption is to be deferred in accordance with paragraph (a) above, provided that if the conditions to the date set for redemption being a Mandatory Redemption Deferral Date are satisfied less than 5 days prior to the date set for redemption, the Issuer shall give notice of such deferral in accordance with Condition 12 (*Notices*) as soon as reasonably practicable following the occurrence of such event. Any failure to pay principal pursuant to this paragraph (b) shall not constitute a default by the Issuer for any purpose, provided that nothing in this paragraph (b) shall be construed to permit the Issuer to defer any principal otherwise due and payable except under the circumstances specified in this paragraph (b).
- (c) If redemption of the Notes does not occur on the Maturity Date or, as appropriate, the date specified in the notice of redemption by the Issuer under Condition 7.3 (*Redemption for Taxation Reasons*), 7.4 (*Redemption at the Option of the Issuer*), 7.5 (*Capital Disqualification Event Redemption*) or 7.6 (*Ratings Agency Event Redemption*) as a result of paragraph (a) above, the Issuer shall (subject, in the case of paragraphs (i) and (ii) below only, to Condition 2.2 (*Subordination*) and to receiving the prior approval of the Issuer Supervisor (if required)) redeem such Notes at their principal amount together with any Arrears of Interest and any other accrued and unpaid interest, upon the earliest of:
 - (i) the date falling 10 Business Days after the first date which immediately follows the date set for redemption and which is not a Mandatory Redemption Deferral Date (with, for the purposes of such definition, the relevant date being deemed to be a date on which the Notes would otherwise be redeemed pursuant to Condition 7) (unless such 10th Business Day is itself a Mandatory Redemption Deferral Date, in which case the provisions of paragraph (a) above and this paragraph (c) will apply *mutatis mutandis* to determine the due date for redemption of the Notes); or
 - (ii) the date falling 10 Business Days after the Issuer Supervisor has agreed to the repayment or redemption of the Notes; or
 - (iii) the date on which order for the liquidation, dissolution, administration or other winding-up of the Issuer by way of public administration is made,

and the Issuer shall give notice of such redemption to the Trustee, the Principal Paying Agent and the Noteholders in accordance with Condition 12 (*Notices*) as soon as reasonably practicable following the occurrence of the relevant event triggering such redemption.

- (d) If paragraph (a) above does not apply, but redemption of the Notes does not occur on the Maturity Date or, as appropriate, the date specified in the notice of redemption by the Issuer under Condition 7.3 (*Redemption for Taxation Reasons*), 7.4 (*Redemption at the Option of the Issuer*), 7.5 (*Capital Disqualification Event Redemption*) or 7.6 (*Ratings Agency Event Redemption*) because the Issuer was not or would not be Solvent, subject to receiving the prior approval of the Issuer Supervisor (if required), such Notes shall be redeemed at their principal amount together with any Arrears of Interest and any other accrued and unpaid interest on the 10th Business Day immediately following the day that (A) the Issuer is Solvent and (B) the redemption of the Notes would not result in the Issuer ceasing to be Solvent, provided that if such Business Day specified for redemption is a Mandatory Redemption Deferral Date, then the Notes shall not be redeemed on such date and Condition 2.2 (*Subordination*) and paragraph (c) above shall apply *mutatis mutandis* to determine the due date for redemption of the Notes.

At the same time as delivering any notice to the Trustee and the Noteholders pursuant to this Condition 7.2 (*Issuer deferral of redemption date*), the Issuer shall send to the Trustee a certificate signed by two Directors of the Issuer confirming that the relevant date set for redemption is or is not (as applicable) a Mandatory Redemption Deferral Date. Any such certificate shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence

thereof, shall be binding on all such persons and the Trustee shall be entitled to rely on such certificate without liability to any person.

7.3 Redemption for Taxation Reasons

If the Issuer satisfies the Trustee immediately before the giving of the notice referred to below that, as a result of:

- (a) any amendment to, clarification of or change (including any announced prospective change) in the laws or treaties (or regulations thereunder) of the Relevant Jurisdiction affecting taxation;
- (b) any governmental action; or
- (c) any amendment to, clarification of or change in the official position or the interpretation of any such governmental action or pronouncement,

in each case, by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such amendment, clarification or change is made known, which amendment, clarification or change is effective or such pronouncement or decision is announced on or after the Issue Date, there is, more than an insubstantial risk that:

- (i) the Issuer is, or will be, subject to more than a *de minimis* amount of other taxes, duties or other governmental charges or civil liabilities with respect to the Notes;
- (ii) the treatment of any of the Issuer's items of income or expense with respect to the Notes as reflected on the tax returns (including estimated returns) filed (or to be filed) by the Issuer will not be respected by a taxing authority, which subjects the Issuer to more than a *de minimis* amount of additional taxes, duties or other governmental charges; or
- (iii) the Issuer would be required to pay additional amounts, as provided or referred to in Condition 8 (*Taxation*),

the Issuer may at its option (subject to Conditions 7.2 (*Issuer deferral of redemption date*) and 7.7 (*Preconditions to redemption and purchases*)) and the Issuer having received the prior approval of the Issuer Supervisor (if required)), having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable), redeem all (but not some only) of the Notes at any time prior to the Reset Date at their principal amount, together with any accrued interest and Arrears of Interest.

7.4 Redemption at the Option of the Issuer

The Issuer may (subject to Conditions 7.2 (*Issuer deferral of redemption date*) and 7.7(a) (*Preconditions to redemption and purchases*)) and receiving the prior approval of the Issuer Supervisor (if required)), having given:

- (a) not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 12 (*Notices*); and
- (b) notice to the Trustee and the Principal Paying Agent not less than 15 days before the giving of the notice referred to in paragraph (a) above,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all (but not some only) of the Notes on the Reset Date or any Interest Payment Date thereafter at their principal amount together with any accrued interest and Arrears of Interest.

7.5 Capital Disqualification Event Redemption

If a Capital Disqualification Event has occurred and is continuing, the Issuer may at any time prior to the Reset Date (subject to Conditions 7.2 (*Issuer deferral of redemption date*) and 7.7(a) (*Preconditions to redemption and purchases*)) and receiving the prior consent of the Issuer Supervisor (if required)), having given:

- (a) not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 12 (*Notices*); and
- (b) notice to the Trustee and the Principal Paying Agent not less than 15 days before the giving of the notice referred to in paragraph (a) above,

(which notices shall be irrevocable and shall specify the date fixed for redemption) redeem all (but not some only) of the Notes at their principal amount, together with any accrued interest and Arrears of Interest.

7.6 Ratings Agency Event Redemption

If a Ratings Agency Event has occurred and is continuing, the Issuer may at any time prior to the Reset Date (subject to Conditions 7.2 (*Issuer deferral of redemption date*) and 7.7(a) (*Preconditions to redemption and purchases*)) and receiving the prior consent of the Issuer Supervisor (if required)), having given:

- (a) not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 12 (*Notices*); and
- (b) notice to the Trustee and the Principal Paying Agent not less than 15 days before the giving of the notice referred to in paragraph (a) above,

(which notices shall be irrevocable and shall specify the date fixed for redemption) redeem all (but not some only) of the Notes at their principal amount, together with any accrued interest and Arrears of Interest, except that there shall be no right to call the Notes for redemption in case of a Ratings Agency Event, if the Solvency II Directive has become part of the Relevant Rules and such right would prevent the inclusion of the Notes in the determination of the own funds of the Issuer or the Storebrand Life Group at least as Tier 2 Capital.

7.7 Preconditions to redemption and purchases

- (a) Prior to the publication of any notice of redemption before the Maturity Date or any purchase of the Notes, the Issuer will be required to be in continued compliance with Capital Adequacy Requirements and on the same date as publishing any notice of redemption before the Maturity Date or making any purchase of the Notes the Issuer shall deliver to the Trustee a certificate from any two Directors of the Issuer confirming such compliance. Any such certificate shall be conclusive evidence of such compliance (it being declared that the Trustee may rely absolutely on such certification without liability to any person).
- (b) Prior to the publication of any notice of redemption pursuant to Conditions 7.3 (*Redemption for Taxation Reasons*), 7.5 (*Capital Disqualification Event Redemption*) or 7.6 (*Ratings Agency Event Redemption*), the Issuer shall deliver to the Trustee (A) in the case of a redemption pursuant to Condition 7.3 (*Redemption for Taxation Reasons*) a certificate signed by two Directors stating that any or all of the requirements referred to at paragraphs (i), (ii) or (iii) of such Condition will apply on the next Interest Payment Date and cannot be avoided by the Issuer taking reasonable measures available to it, together with an opinion of independent tax counsel 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 and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above; and (B) in the case of a redemption pursuant to Condition 7.5 (*Capital Disqualification Event Redemption*) or Condition 7.6 (*Ratings Agency Event Redemption*) a certificate signed by two Directors stating that a Capital Disqualification Event or Ratings Agency Event (as applicable) has occurred and is continuing. Any such certificate shall be conclusive and binding on the Noteholders and the Couponholders.

7.8 Purchases

The Issuer or any of its Subsidiaries may (subject to receiving the prior consent of the Issuer Supervisor (if required)), at any time purchase Notes (provided that all unmatured Coupons appertaining to the Notes are purchased with the Notes) in any manner and at any price.

7.9 Cancellations

All Notes which are (a) redeemed, or (b) purchased by or on behalf of the Issuer or any of its Subsidiaries pursuant to Condition 7.8 (*Purchases*) above and surrendered for cancellation will forthwith be cancelled, together with all relative unmatured Coupons attached to the Notes or surrendered with the Notes, and accordingly may not be held, reissued or resold.

8. Taxation

8.1 Payment without Withholding

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future Taxes imposed or levied by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders and Couponholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes or, as the case may be, Coupons in the absence of the withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect of any Note or Coupon:

- (i) presented for payment by or on behalf of, a holder who is liable to the Taxes in respect of the Note or Coupon by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of the Note or Coupon; or
- (ii) presented for payment in the Kingdom of Norway; or

- (iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (iv) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union; or
- (v) presented for payment more than 30 days after the Relevant Date except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming, whether or not such is in fact the case, that day to have been a Presentation Date (as defined in Condition 6.5 (*Payment only on a Presentation Date*)).

8.2 Additional Amounts

Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition 8 (*Taxation*) or under any undertakings given in addition to, or in substitution for, this Condition 8 (*Taxation*) pursuant to the Trust Deed.

9. Prescription

Notes and Coupons (which for this purpose shall not include Talons) will become void unless presented for payment within periods of 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the Notes or, as the case may be, the Coupons, subject to the provisions of Condition 6 (*Payments and Exchanges of Talons*). There shall not be included in any Coupon sheet issued upon exchange of a Talon any Coupon which would be void upon issue under this Condition 9 (*Prescription*) or Condition 6 (*Payments and Exchanges of Talons*).

10. Enforcement

There are no events of default.

10.1 Enforcement by the Trustee

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Notes and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes or the Coupons unless (a) it has been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding and (b) it has been indemnified and/or secured and/or pre-funded to its satisfaction.

10.2 Enforcement by the Noteholders

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

Neither the Trustee nor any Noteholder or Couponholder is, as a matter of Norwegian law, entitled to petition for the winding-up of the Issuer.

11. 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 Paying Agent in Luxembourg upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

12. Notices

All notices to the Noteholders will be valid 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 listed on the Luxembourg Stock Exchange, a daily newspaper of general circulation in Luxembourg and/or the Luxembourg Stock Exchange's website, *www.bourse.lu*. It is expected that such publication 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 and regulations of any stock exchange or the relevant authority on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, notice will be given

in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition 12 (*Notices*).

13. Meetings of Noteholders, Modification, Waiver and Authorisation

13.1 Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that, at any meeting the business of which includes the modification or abrogation of certain of the provisions of these Conditions and certain of the provisions of the Trust Deed (as more particularly detailed in the Trust Deed), the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than three quarters, or at any adjourned such meeting not less than one quarter, of the principal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting, and on all Couponholders.

13.2 Modification, Waiver and Authorisation

The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders) or may agree, without any such consent as aforesaid, to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or an error which is in the opinion of the Trustee proven.

13.3 Trustee to have Regard to Interests of Noteholders as a Class

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver or authorisation), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 8 (*Taxation*) and/or any undertaking given in addition to, or in substitution for, Condition 8 (*Taxation*) pursuant to the Trust Deed.

13.4 Notification to the Noteholders

Any modification, abrogation, waiver or authorisation shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 12 (*Notices*).

14. Indemnification of the Trustee and its contracting with the Issuer

14.1 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction.

14.2 Trustee Contracting with the Issuer

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any of the Issuer's Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of the Issuer's Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or

consequences for, the Noteholders or Couponholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

15. Further Issues

The Issuer is at liberty from time to time without the consent of the Noteholders or Couponholders to create and issue further notes or bonds (whether in bearer or registered form) either (a) ranking *pari passu* in all respects (or in all respects save for the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any supplemental deed or (b) upon such terms as to ranking, interest, conversion, redemption and otherwise as the Issuer may determine at the time of the issue. Any further notes or bonds which are to form a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any supplemental deed shall, and any other further notes or bonds may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes or bonds of other series in certain circumstances where the Trustee so decides.

16. Governing Law and Submission to Jurisdiction

16.1 Governing Law

The Trust Deed, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes and the Coupons are and shall be governed by, and construed in accordance with, English law, except for Conditions 2 (*Status and Subordination*), 3 (*Reduction of Amounts of Principal*), 5.1 (*Optional Deferral of Interest*), 5.2 (*Mandatory Deferral of Interest*), 7.2 (*Issuer deferral of redemption date*) and 7.5 (*Capital Disqualification Event Redemption*), which shall be governed by, and construed in accordance with, Norwegian law.

16.2 Jurisdiction of English Courts

The Issuer has, in the Trust Deed, irrevocably agreed for the benefit of the Trustee, the Noteholders and the Couponholders that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Notes and/or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes and/or the Coupons) and accordingly has submitted to the exclusive jurisdiction of the English courts.

The Issuer has, in the Trust Deed, waived any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Trustee, the Noteholders and the Couponholders may take any suit, action or proceedings (together referred to as **Proceedings**) arising out of or in connection with the Trust Deed, the Notes and/or the Coupons (including any Proceeding relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes and/or the Coupons) against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

16.3 Appointment of Process Agent

The Issuer has, in the Trust Deed, irrevocably and unconditionally appointed TMF Corporate Services Limited at its registered office for the time being (at 2 April 2013 being 6 St. Andrew Street, 5th Floor, London EC4A 3AE, United Kingdom) as its agent for service of process in England in respect of any Proceedings and has undertaken that in the event of such agent ceasing so to act it will appoint such other person as the Trustee may approve as its agent for that purpose.

17. Rights of Third Parties

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

18. Definitions

In these Conditions, except where otherwise defined:

Accrual Date means, in respect of any period, the date from which interest begins to accrue for such period.

Arrears of Interest has the meaning given in Condition 5.3 (*Arrears of Interest*).

Assets means, at any time, the non-consolidated total assets of the Issuer, as shown by the then latest published audited balance sheet of the Issuer, but adjusted for contingencies and for subsequent events, all valued in such manner as the Board of Directors or the board of administration of the Issuer (as the case may be) may determine.

Board of Directors means the board of directors of the Issuer.

Business Day means a day which is both 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 a TARGET Settlement Day.

Capital Disqualification Event is deemed to have occurred if, as a result of any replacement of or change to (or change to the interpretation by any court or authority entitled to do so of) the Relevant Rules becoming effective on or after the Issue Date (including the implementation of Solvency II) the Issuer Supervisor has stated in writing to the Issuer that:

- (a) the Notes are no longer capable of counting; or
- (b) in the circumstances where such capability derives only from transitional or grandfathering provisions under Solvency II or the Relevant Rules, as appropriate, less than 100 per cent. of the principal amount of either (a) the Notes outstanding at such time or (b) any indebtedness outstanding at such time and classified in the same category as the Notes by the Issuer Supervisor for the purposes of any transitional or grandfathering provisions under Solvency II or the Relevant Rules, as appropriate, is capable of counting,

as:

- (x) cover for capital requirements or treated as own funds (however such terms might be described in Solvency II or the Relevant Rules) applicable to the Issuer or the Storebrand Life Group whether on a solo, group or consolidated basis, or
- (y) Tier 2 Capital for the purposes of the Issuer or the Storebrand Life Group whether on a solo, group or consolidated basis,

except where in the case of either paragraphs (x) or (y) above such non-qualification is only as a result of any applicable limitation on the amount of such capital.

Euro-zone means the region comprised of the member states of the European Union that have adopted the single currency pursuant to the Treaty on the functioning of the European Union, as amended.

Fixed Day Count Fraction means (i) the actual number of days in the period from (and including) the Accrual Date to (but excluding) the date on which it falls due (the **Accrual Period**), divided by (ii) the actual number of days from and including the Accrual Date to but excluding the next following Interest Payment Date.

Fixed Interest Payment Date has the meaning given in Condition 4.1 (*Interest Payment Dates*).

Fixed Rate of Interest has the meaning given in Condition 4.3 (*Interest Rate*).

Floating Rate of Interest has the meaning given in Condition 4.3 (*Interest Rate*).

Interest includes, where appropriate, Arrears of Interest.

Interest Amount has the meaning given in Condition 4.4 (*Determination of Floating Rate of Interest and Interest Amount*).

Interest Commencement Date means 4 April 2013.

Interest Determination Date means the second TARGET Settlement Day before the commencement of the Interest Period for which the rate will apply.

Interest Payment Date has the meaning given in Condition 4.1 (*Interest Payment Dates*).

Interest Payments means payments of interest in respect of the Notes.

Interest Period means the period from (and including) the Interest Commencement Date to (but excluding) the first Interest Payment Date and each successive period from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date.

Issue Date means 4 April 2013.

Issuer Supervisor means The Financial Supervisory Authority of Norway and any successor or replacement thereto, or other authority having primary responsibility for the prudential oversight and supervision of the Issuer and the Storebrand Life Group.

Junior Securities means (i) any class of the Issuer's share capital, (ii) any Undated Subordinated Indebtedness and (iii) any other securities of any member of the Storebrand Life Group ranking or expressed to rank junior to the Notes either issued directly by the Issuer or, where issued by a Subsidiary, where the terms of the securities benefit from a guarantee or support agreement entered into by the Issuer which ranks or is expressed to rank junior to the Notes.

Liabilities means, for the purposes only of the definition of Solvent, at any time, the non-consolidated liabilities of the Issuer, as shown by the then latest published audited balance sheet of the Issuer, but adjusted for

contingencies and for subsequent events, all valued in such manner as the Board of Directors or the board of administration of the Issuer (as the case may be) may determine.

Mandatory Interest Deferral Date means each Interest Payment Date (or for the purposes only of Condition 5.3(b) (*Arrears of Interest*), each date):

- (a) immediately following the date as of which the Issuer's most recent quarterly report to the Issuer Supervisor disclosed that it was in breach (a **Breach**) of the capital adequacy or solvency requirements of the Issuer Supervisor (or of such other governmental authority as shall at the time be the promulgator of such requirements) applicable to the Issuer from time to time (the **Capital Adequacy Requirements**), provided that such Interest Payment Date shall not be a Mandatory Interest Deferral Date if, since the date of publication of such report, the Issuer has at any time been in compliance with the Capital Adequacy Requirements and will after such payment still be in such compliance and, *provided further*, that in the event that such report does not disclose a Breach, the relevant Interest Payment Date shall still be deemed to be a Mandatory Interest Deferral Date if immediately after the payment of Interest on such Interest Payment Date, there would be a Breach; or
- (b) in respect of which a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or would occur if payment of interest was made on such Interest Payment Date.

Mandatory Redemption Deferral Date means any date which:

- (a) immediately follows the date as of which the Issuer's most recent quarterly report to the Issuer Supervisor disclosed that it was in Breach, provided that such date shall not be a Mandatory Redemption Deferral Date if, since the date of publication of such report, the Issuer has at any time been in compliance with the Capital Adequacy Requirements and will after payment of the relevant redemption amount still be in such compliance and, *provided further*, that in the event that such report does not disclose a Breach, the relevant date shall still be deemed to be an Mandatory Redemption Deferral Date if immediately after payment of the relevant redemption amount there would be a Breach; or
- (b) in respect of which a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if the payment of the relevant redemption amount otherwise due pursuant to Condition 7 was made on such date.

Margin means 6.194 per cent. per annum.

Optional Interest Payment Date means any Interest Payment Date:

- (a) which is not a Mandatory Interest Deferral Date; and
- (b) where no declaration or payment of any distribution or dividend or other payment (including payment in relation to redemption or repurchase) on or in respect of any Junior Securities has been made by the Issuer or any other person during the six months immediately preceding such Interest Payment Date, and no dividend or other distribution on or payment (including payment in relation to redemption or repurchase) on or in respect of any class of Storebrand ASA's share capital was irrevocably declared during the six months immediately preceding such Interest Payment Date.

Other *Pari Passu* Claims means claims of creditors of the Issuer that are subordinated so as to rank *pari passu* with the claims of the Noteholders and the Couponholders.

Parity Securities means any securities of the Issuer together with any other securities of any member of the Storebrand Life Group ranking or expressed to rank *pari passu* with the Notes, either issued directly by the Issuer or, where issued by a Subsidiary, where the terms of the securities benefit from a guarantee or support agreement entered into by the Issuer which ranks or is expressed to rank *pari passu* with the Notes.

Presentation Date has the meaning given in Condition 6.5 (*Payment only on a Presentation Date*).

Rating Agency means Moody's Investors Service, Inc. or Standard & Poor's Rating Services, a division of the McGraw Hill Companies, Inc., or any successor thereof;

Ratings Agency Event will be deemed to occur upon a change in the rating methodology of a Rating Agency (or in the interpretation of such methodology) becoming effective on or after the Issue Date as a result of which the capital treatment assigned by the relevant Rating Agency to the Notes, as notified by such Rating Agency to the Issuer or as published by such Rating Agency, becomes, in the reasonable opinion of the Issuer, materially unfavourable when compared to the capital treatment assigned by the relevant Rating Agency to the Notes on or around the Issue Date;

Reference Banks means the principal Euro-zone office of each of four major banks engaged in the Euro-zone interbank market selected by the Agent Bank, provided that, once a Reference Bank has been selected by the Agent Bank, that Reference Bank shall not be changed unless and until it ceases to be capable of acting as such.

Regulatory Deficiency Interest Deferral Event means any event which (i) (including, without limitation, any event which causes the Solvency Capital Requirement applicable to the Issuer or the Storebrand Life Group or

any member of the Storebrand Life Group to be breached and such breach is an event which) under Solvency II and/or (ii) under the Relevant Rules would require the Issuer to defer or suspend payment of interest in respect of the Notes (on the basis that the Notes are intended to qualify as Tier 2 Capital under the Relevant Rules and/or Solvency II without the operation of any grandfathering provisions) unless such requirement to defer or suspend payment of interest in respect of the Notes is waived by the Issuer Supervisor.

Regulatory Deficiency Redemption Deferral Event means any event which (i) (including, without limitation, any event which causes the Solvency Capital Requirement applicable to the Issuer or the Storebrand Life Group or any member of the Storebrand Life Group to be breached and such breach is an event which) under Solvency II and/or (ii) under the Relevant Rules would require the Issuer to defer or suspend repayment or redemption of the Notes (on the basis that the Notes are intended to qualify as Tier 2 Capital under the Relevant Rules and/or Solvency II without the operation of any grandfathering provisions) unless such requirement to defer or suspend repayment or redemption of the Notes is waived by the Issuer Supervisor.

Relevant Date means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Principal Paying Agent or the Trustee on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 12 (*Notices*).

Relevant Jurisdiction means the Kingdom of Norway or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal or interest on the Notes or Coupons.

Relevant Rules means any legislation, rules or regulations (whether having the force of law or otherwise) applying to the Issuer, the Storebrand Life Group or any member of the Storebrand Life Group from time to time relating to the characteristics, features or criteria of own funds or capital resources and, for the avoidance of doubt and without limitation to the foregoing, includes any legislation, rules or regulations relating to such matters which are supplementary or extraneous to the obligations imposed on the Kingdom of Norway by Solvency I or the Solvency II Directive;

Representative Amount means, in relation to any quotation of a rate for which a Representative Amount is relevant, an amount that is representative for a single transaction in the relevant market at the relevant time.

Reset Date means the Interest Payment Date falling on 4 April 2023.

Screen Rate means the offered rate for six month deposits in euro which appears on the Reuters page EURIBOR01 (or such replacement page or pages on that service which displays the information).

Senior Creditors means all creditors of the Issuer who are policyholders or other unsubordinated creditors of the Issuer.

Solvency I means the directives adopted by the Parliament and Council of the European Union relating to the taking-up and pursuit of insurance business within the European Union (excluding the Solvency II Directive) and including, without limitation, Directive 73/239/EEC of the European Union (as amended) and Directive 98/78/EC of the European Union (as amended) on the supplementary supervision of insurance undertakings in an insurance group.

Solvency II means the Solvency II Directive and any implementing measures adopted pursuant to the Solvency II Directive (for the avoidance of doubt, whether implemented by way of regulation or by further directives or otherwise).

Solvency II Directive means Directive 2009/138/EC of the European Union (as amended) on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II).

Solvency Capital Requirement means the Solvency Capital Requirement or the group Solvency Capital Requirement referred to in, or any other capital requirement howsoever described in, Solvency II or the Relevant Rules;

The Issuer shall be **Solvent** if:

- (a) it is able to pay its debts as they fall due; and
- (b) its Assets exceed its Liabilities (other than its Liabilities to persons who are not Senior Creditors).

A report as to the Solvency or lack of Solvency of the Issuer by two Directors or, in certain circumstances as provided in the Trust Deed, accountants of international repute appointed by the Board of Directors or (if the Issuer is in liquidation, dissolution, administration or other winding-up in the Kingdom of Norway) its board of administration shall in the absence of manifest error be treated and accepted by the Issuer, the Trustee and the Noteholders and Couponholders as correct and sufficient evidence thereof.

Storebrand Life Group means the Issuer and its Subsidiaries.

Subsidiary means a subsidiary undertaking of the Issuer within the meaning of the Private Companies Act of Norway, section 1-3.

TARGET Settlement Day means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open.

Taxes means taxes, duties, assessments or governmental charges of whatever nature.

Tier 1 Capital means capital which is treated as issued Tier 1 Capital by the Issuer Supervisor.

Tier 2 Capital means capital which is treated as issued Tier 2 Capital by the Issuer Supervisor.

Undated Subordinated Indebtedness means any indebtedness of the Issuer:

- (i) that by its terms or otherwise is in any respect junior or subordinate in right of payment (whether upon liquidation, dissolution, administration or other winding-up of the Issuer or otherwise) to any other indebtedness of the Issuer; and
- (ii) the principal of which has no fixed maturity.

Undated Tier 2 Capital has the meaning given to that term from time to time by the Issuer Supervisor.

Overview of Provisions relating to the Notes while represented by the Global Notes

The following is an overview of the provisions to be contained in the Global Notes which will apply to, and in some cases modify, the Conditions while the Notes are represented by the Global Notes.

1. Exchange

The Temporary Global Note generally will be exchangeable, in whole or in part, for interests in the Permanent Global Note not earlier than 40 days after the issue date of the Notes upon certification as to non-U.S. beneficial ownership.

The Permanent Global Note will be exchangeable in whole but not in part (free of charge to the holder) for definitive Notes only if one of the following events (each an **Exchange Event**) occurs:

- (a) either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the Trustee is available; or
- (b) the Issuer would suffer a disadvantage as a result of a change in laws or regulations (taxation or otherwise) or as a result of a change in the practice of Euroclear and/or Clearstream, Luxembourg which would not be suffered were the Notes in definitive form and a certificate to such effect signed by two (2) Directors is given to the Trustee.

Thereupon (in the case of paragraph (a) above) the holder of the Permanent Global Note (acting on the instructions of one or more of the Accountholders (as defined below)) or the Trustee may give notice to the Issuer and (in the case of (b) above) the Issuer may give notice to the Trustee and the Noteholders, of its intention to exchange the Permanent Global Note for definitive Notes on or after the Exchange Date (as defined below).

On or after the Exchange Date the holder of the Permanent Global Note may or, in the case of paragraph (b) above, shall surrender the Permanent Global Note to or to the order of the Principal Paying Agent. In exchange for the Permanent Global Note the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of definitive Notes in the denomination of €100,000 (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Trust Deed. On exchange of the Permanent Global Note, the Issuer will procure that it is cancelled and, if the holder so requests, returned to the holder together with any relevant definitive Notes.

For these purposes, **Exchange Date** means a day specified in the notice requiring exchange falling not less than 60 days after that on which such notice is given and being a day on which banks are open for general business in the place in which the specified office of the Principal Paying Agent is located and, except in the case of exchange pursuant to paragraph (a) above, in the place in which the relevant clearing system is located.

2. Payments

On and after 14 May 2013, no payment will be made on the Temporary Global Note unless exchange for an interest in the Permanent Global Note is improperly withheld or refused. Payments of principal and interest in respect of Notes represented by a Global Note will, subject as set out below, be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of such Global Note to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purposes. A record of each payment made will be endorsed on the appropriate part of the schedule to the relevant Global Note by or on behalf of the Principal Paying Agent, which endorsement shall be prima facie evidence that such payment has been made in respect of the Notes. Payments of interest on the Temporary Global Note (if permitted by the first sentence of this paragraph) will be made only upon certification as to non-U.S. beneficial ownership unless such certification has already been made.

Payments of principal and interest in respect of the Notes will not be made within the United States.

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, paragraph (a) in the definition of Presentation Date in Condition 6.5 (*Payment only on a Presentation Date*) shall be deemed deleted.

3. Notices

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relevant Accountholders rather than by publication as required by Condition 12 (*Notices*), provided that, so long as the Notes are listed on the Luxembourg Stock Exchange, notice will also be given by publication in a daily

newspaper published in Luxembourg and/or on the Luxembourg Stock Exchange's website, www.bourse.lu, if and to the extent that the rules of the Luxembourg Stock Exchange so require. Any such notice shall be deemed to have been given to the Noteholders on the second day after the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

4. Accountholders

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (each an **Accountholder**) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg (which certificate or other document may comprise any form of statement or print-out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's Cedcom System)) as to the principal amount of such Notes standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such principal amount of such Notes for all purposes (including but not limited to, for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders) other than with respect to the payment of principal and interest on such principal amount of such Notes, the right to which shall be vested, as against the Issuer and the Trustee, solely in the bearer of the relevant Global Note in accordance with and subject to its terms and the terms of the Trust Deed. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the bearer of the relevant Global Note.

5. Prescription

Claims against the Issuer in respect of principal and interest on the Notes represented by a Global Note will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in Condition 18 (*Definitions*)).

6. Cancellation

Cancellation of any Note represented by a Global Note and required by the Conditions of the Notes to be cancelled following its redemption or purchase will be effected by endorsement by or on behalf of the Principal Paying Agent of the reduction in the principal amount of the relevant Global Note on the relevant part of the schedule thereto.

7. Euroclear and Clearstream, Luxembourg

References in the Global Notes and this summary to Euroclear and/or Clearstream, Luxembourg shall be deemed to include references to any other clearing system approved by the Trustee.

8. Legend

The following legend generally will appear on the Notes:

"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."

Use of Proceeds

The net proceeds of the issue of the Notes, amounting to approximately €298,500,000, will be applied by the Issuer to repay existing subordinated indebtedness and for its general corporate purposes.

Description of the Issuer

1. Business Description

1.1 Overview

Storebrand Livsforsikring AS (the **Issuer**) is a wholly-owned subsidiary of Storebrand ASA (**Storebrand ASA** and, together with its consolidated subsidiaries, the **Storebrand Group**). The Storebrand Group is made up of the following business areas: life and pension, asset management, bank and insurance. The Storebrand Group's head office is at Lysaker, Norway and it also has life insurance, asset management and health insurance activities in Sweden.

The Storebrand Group can trace its history back to 1767. It has provided occupational pensions to Norwegian employees since 1917, the same year that SPP Livförsäkring AB, which Storebrand acquired in 2007) was established in Sweden. Storebrand Bank ASA opened for business in 1996, and in 2006 the Storebrand Group relaunched its property and casualty insurance business to serve the retail market and selected segments of the corporate market.

The Issuer is the main subsidiary in the Storebrand Group. Based on its respective market shares in the Norwegian and Swedish markets, the Storebrand Life Group (defined below) is one of the leading insurance businesses in the Norwegian market¹, and through its subsidiary Storebrand Holding AB, and the brand SPP (defined below), the Storebrand Life Group has a strong position in the Swedish market². The Issuer's principal business areas are pensions and life insurance. The Issuer offers a wide range of products for occupational pensions, individual pension savings, life insurance and health insurance for companies and private individuals.

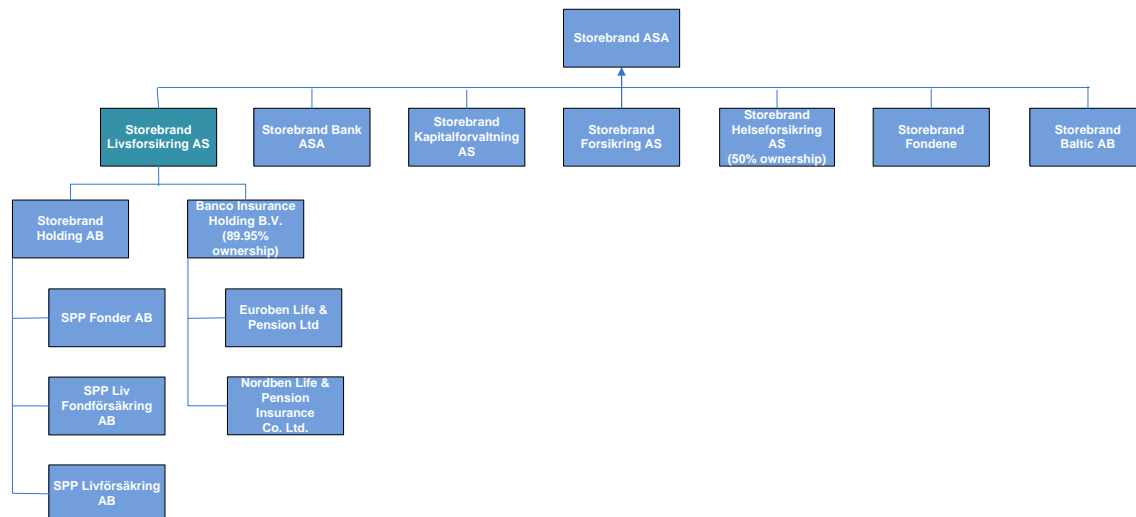
The Issuer and its consolidated subsidiaries (the **Storebrand Life Group**) operate out of four countries, namely Norway, Sweden, Guernsey and Ireland. The Storebrand Life Group has 1667 employees.

The Issuer's goal is to be a leading provider of long-term savings and insurance products in the Nordic region. The Issuer is working to achieve this goal through a focus on operational excellence, customer orientation, growth and risk adjusted profitability and has developed detailed strategic and operating initiatives at every level within the Issuer to support these objectives.

1.2 Legal structure

The Issuer is a wholly-owned subsidiary of Storebrand ASA. Storebrand ASA is listed on the main list of the Norwegian Stock Exchange.

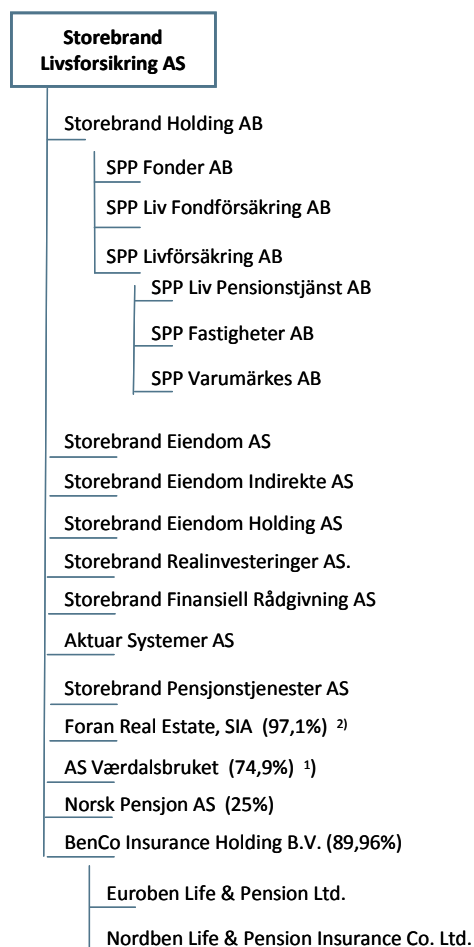
A simplified group structure chart of the Storebrand Group is set out below:



¹ FNO (Finance Norway) industry reporting as of Q3 2012

² Source - statistics from Svensk Försäkring (Insurance Sweden)

The structure chart for the Storebrand Life Group is set out below:



1) Storebrand ASA owns the remaining 25,1% of AS Værdalsbruket

2) SPP Livförsäkring AB owns 29,4% and Storebrand Livsforsikring AS owns 67,7% of SIA Foran Real Estate, SIA

The Issuer owns 100 per cent. of Storebrand Holding AB, which in turn owns 100 percent. of SPP Livförsäkring AB, SPP Liv Fondförsäkring AB and SPP Fonder AB (together, **SPP**). SPP is a leading Swedish provider of life insurance and occupational pensions products. SPP's head office is located in Stockholm.

The Issuer owns approximately 90 per cent. of BenCo Insurance Holding B.V., which in turn owns Nordben Life & Pension Insurance Company Ltd (incorporated in Guernsey) and Euroben Life & Pension Ltd (which has its headquarters in Dublin). These companies offer pension products to multinational companies.

The Storebrand Life Group also offers actuarial services, systems solutions and other types of services associated with the operation of pension funds through its subsidiaries Aktuar Systemer AS and Storebrand Pensjonstjenester AS.

The Issuer established a branch in Sweden in 2005. The branch offered pension, insurance and unit linked agreements based on Norwegian law in the Swedish market. The branch was integrated with SPP Life in 2008 and no longer makes new sales.

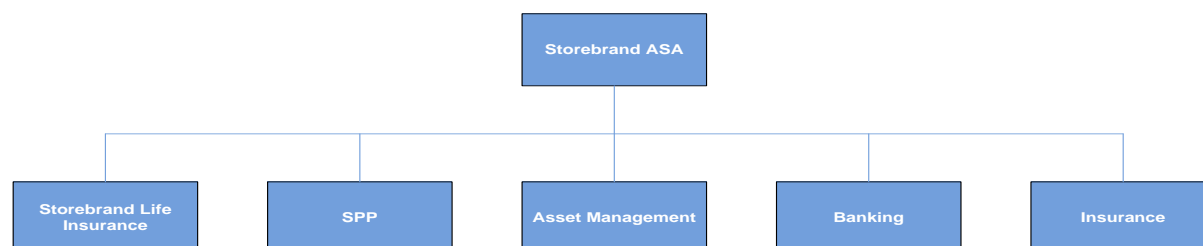
Storebrand Finansiell Rådgivning AS was established as a wholly owned subsidiary of the Issuer in order to satisfy statutory changes within financial advice (MiFID) which came into force on 1 November 2007.

Storebrand Eiendom Holding AS is the holding company for real estate activities conducted by the Storebrand Life Group. The company is 100 per cent. owned by the Issuer. Storebrand Eiendom Indirekte AS invests primarily in foreign real estate funds. Storebrand Eiendom AS manages properties for the Issuer and SPP, domestically and internationally. The company is 100 per cent. owned by the Issuer. The Issuer also owns 100 per cent of Storebrand Realinvesteringer AS that manages investments in real estate.

The Issuer owns approximately 68 per cent. of Foran Real Estate, SIA in Latvia, as well as approximately 29 percent. through SPP Life. This company invests in forests in Latvia.

1.3 Operational and reporting structure

Set out below is the operational and reporting structure of the Storebrand Group:



The Storebrand Life Insurance division includes the companies in the Storebrand Life Group (except for Storebrand Eiendom AS, Storebrand Realinvesteringer AS and Storebrand Holding AB and its wholly owned subsidiaries) and personal risk and employee cover in the Issuer.

The SPP division includes Storebrand Holding AB and its wholly owned subsidiaries (except for SPP Fonder AB).

The asset management division includes Storebrand Eiendom AS (property management), Storebrand Realinvesteringer AS (real estate investment) and SPP Fonder AB (fund management).

The insurance division includes, in addition to insurance products sold by Storebrand Forsikring AS and Storebrand Helseforsikring AS, personal risk insurance in the Norwegian retail market and employee insurance in the Norwegian corporate market, which are all products and services provided by the Issuer.

1.4 History of the Issuer

The following table sets out a brief summary of the history of the Issuer:

1767	.....	NorgesBrannkasse was established.
1847	.....	Christiania AlmindeligeBrandforsikrings- Selskab for Varerog Effecter (Storebrand) was established.
1861	.....	Idun Life, the first private life insurance company in Norway was established.
1917	.....	Occupational pension was launched in Norway.
1983	.....	The Norden group and the Issuer merged to create one of the major life insurance companies in Norway.
1984	.....	Norske Folk and Norges Brannkasse formed UNI Forsikring.
1990	.....	UNI Forsikring and Storebrand merged to create UNI Storebrand, which retained its name until the change to Storebrand in 1996. Since its creation, the new group has been a significant participant in both the life insurance and the non-life insurance markets in Norway.
2006	.....	Mandatory Occupational Pensions (MOP) were introduced in the Norwegian market. The change in Norwegian legislation allowed for the merger of the unit-linked provider Storebrand Fondsforsikring AS (wholly owned by Storebrand ASA) and the Issuer.
2007	.....	The Issuer acquired SPP Livförsäkring AB to create a leading life and pensions group in the Nordic region.

1.5 Recent Developments

1.5.1 Senior management changes

The appointment of Odd Arild Grefstad as CEO of the Storebrand Group was announced in July 2012. Mr. Grefstad has been with the Storebrand Group since 1994, and has been a member of Storebrand ASA's Executive Management Group since 2002. Mr. Grefstad was CFO from 2002 to 2011, and Managing Director of the Issuer since 2011.

Geir Holmgren was appointed the new managing director of the Issuer. He has been with the Storebrand Group since 1997. Mr Holmgren holds an MSc in Actuarial Science as well as an MBA.

1.5.2 Result improvement programme

The Board has adopted a programme to reduce the Storebrand Group's annual costs by NOK 400 million by 2014. Most of the cost reduction will be made within the Storebrand Life Group. The measures being considered will include increased use of automation and direct distribution, renegotiation of contracts and workforce reductions. The cost programme is an important part of the Issuer's adaptation to Solvency II. See further "— Regulatory overview — Norway — Future developments" below.

1.5.3 New mortality tables

The Norwegian FSA has published new mortality tables for group pensions insurance, to be applied by life insurance companies and pension funds with effect from 1 January 2014. The tables require higher premiums and higher technical provisions to cover for future obligations. The new mortality tables considerably increase longevity provisions. The Norwegian FSA has recommended a reservation period for up to five years, starting from 2014. Surplus investment returns are allowed to cover the increased provision requirements, provided that at least 20 per cent. of the total reserve requirements are covered by the pension providers. Storebrand estimates that its total group pension reserve will be approximately NOK11.5 billion (which is approximately 8 per cent. of its premium reserves). Storebrand will provide an owner's contribution of 20 per cent., which is approximately NOK2.3 billion and will include loss of profit sharing from paid-up policies as part of its contribution. Storebrand has, in the period from 2011 to 2012, set aside NOK4.3 billion to cover for the potential increase in reserve requirements as a result of the new mortality tables. From 2013 onwards, all surplus returns from group pensions and paid-up policies portfolios will be used for longevity reserves. Storebrand also has other buffers that may be used to ensure sufficient returns to cover the build up of reserves.

1.5.4 Sale of SPP Liv Pensionstjänst AB

SPP has entered into an agreement to sell one of its subsidiaries, SPP Liv Pensionstjänst AB, to KPA Pension (KPA Pensionsförsäkring AB). Under the agreement, the administration associated with SPP's municipal customers will be transferred to KPA Pension. The agreement also includes the transfer of approximately NOK 1.2 billion from SPP's guaranteed portfolios to KPA Pension. The transaction is subject to regulatory approval in Sweden and completion of the transaction is expected in the second quarter of 2013.

1.6 Business of the Issuer

1.6.1 STOREBRAND LIFE INSURANCE

Storebrand Life Insurance is a leading provider of pensions in the Norwegian market, based on market share³ and offers a wide range of products within occupational pensions, private pension savings and life insurance to companies and private individuals. Storebrand Life Insurance aims to be Norway's most respected and customer-oriented life insurance company by offering customers the most attractive products, the best advice and the best customer service.

Storebrand Life Insurance has a high level of customer satisfaction in the occupational pensions market (Norwegian Customer Barometer). Together with strong growth, this has helped the Issuer to consolidate its position as the leading pensions provider in the Norwegian market.

1.6.1.1 Market position in Norway

As of 31 December 2012, the Issuer managed approximately NOK 209 billion in customer funds, comprised of approximately NOK180 billion in group pensions, NOK 25 billion in individual life savings and NOK 1.6 billion in group life and workers' compensation insurance. The Issuer had a 23.3 per cent. share of the total Norwegian life and pension insurance market (including the public sector) measured in terms of customer funds under management as of 30 September 2012⁴. Based on premium income in the first nine months of 2012, the Issuer had a 20.1 per cent. market share⁵. The Issuer's market share in the private occupational pensions market was 40.7 per cent. as of 30 September 2012 based on customer funds under management, which represent amongst others in excess of 22,000 corporate customers with 430,000 employees⁶. In addition, the Issuer serves approximately 110,000 individual customers. The Issuer also has more than 750,000 paid-up policies and capital certificates derived from group pension schemes. Many of the largest companies in Norway are customers of the Issuer.

An important growth area for the Issuer in recent years has been defined contribution pensions for the corporate market. Over the last few years, the Issuer's main activity within occupational pension product development has involved the adaptation of the new pension regulations to state pensions reform, i.e. the introduction of flexible withdrawal of pensions from 62 years of age and continued accrual of pension reserves if one continues to work - the same principles that apply to the National Insurance Scheme. The Issuer has made the necessary adjustments to allow pension customers to take advantage of the new options in the pension system from the time the legislation came into force.

1.6.1.2 Corporate pensions

Defined benefit products for private sector

³ FNO (Finance Norway) industry reporting as of Q3 2012

⁴ FNO (Finance Norway) industry reporting as of Q3 2012

⁵ FNO (Finance Norway) industry reporting as of Q3 2012

⁶ FNO (Finance Norway) industry reporting as of Q3 2012

The Issuer currently enjoys one of the leading market positions in private occupational defined benefit products with a market share in Norway of 17.9 per cent. (based on new premiums written in the private and public sectors as of 30 September 2012)⁷.

The Issuer has over the last five years offered various ways of investing in pension reserves, and the investment return achieved depends on the investment choices made by the Issuer. However, the Issuer has now reduced the number of investment choices reflecting the current market situation and its adaption to Solvency II. See further "*— Regulatory overview — Norway — Future developments*" below.

The excess profit return on investments (above the guaranteed minimum annual interest rate) is allocated to the employer. The Issuer generates profits by ensuring that the product price elements cover the investment and insurance risk as well as any operational costs. The rate of the guaranteed minimum annual interest rate is set on a yearly basis.

However, the low interest rate environment in combination with increased life expectancy and expectation of increased capital requirements following the introduction of Solvency II has forced the Issuer and other Norwegian pension providers to increase the price for annual interest guarantee products. As a consequence, many companies that operate defined benefit pension schemes have been re-evaluating their pension arrangements towards defined contribution solutions.

Defined benefit products for the public sector

As of 31 December 2012, the Issuer had approximately NOK 24 billion in customer funds of defined benefit products for the public sector. However, the Issuer has decided to exit this market for a number of reasons including the expectation that it will have to incur high capital charges under new regulations yet will only generate low return on capital. The current product regulation for the public sector is not in line with the proposed regulation for the private sector, nor is it well adapted to the new Solvency II regulation.

Paid up policies

All paid-up policies have a guaranteed annual minimum interest rate. As of 31 December 2012, the Issuer had more than 500,000 paid-up policies with pension reserves totalling approximately NOK 72 billion.⁸

The Issuer expects the market for paid-up policies to grow strongly in future years as a result of the introduction of mandatory occupational pensions and the increase in the number of companies transferring from defined benefit to defined contribution schemes.

Defined contribution

The Issuer currently enjoys a leading market position in defined contribution occupational pension products with a market share in Norway of 43.8 per cent. (based on new premiums written as of 30 September 2012)⁹ and total customer funds of approximately NOK 15.4 billion as of 31 December 2012. Defined contribution plans, in which a percentage of the employee's salary is invested in selected funds, with payout amounts corresponding to investment performance, did not receive favourable tax treatment prior to 2001 in Norway. However, the introduction of Mandatory Occupational Pensions in Norway in 2006 as well as increased costs of defined benefit pension schemes due to an increase in longevity and in combination with the low interest rate environment have led to the vast majority of employers setting up new pension schemes over the recent years and choosing defined contribution and more and more companies that used to operate defined benefit schemes are moving to defined contribution (for new pension rights earned).

Pension capital certificates

As of 31 December 2012, the Issuer had approximately 254,000 pension capital certificates (from defined contribution policies), with customer funds totalling approximately NOK 5.4 billion. The Issuer believes that there will be strong growth in Norway with regards to total customer funds for pension capital certificates driven by a high number of companies with defined contribution schemes, an increasing number of companies transferring from defined benefit to defined contribution schemes, high employment turnover and the level of annual investment return.

Group life and workers' compensation

The Issuer offers its customers in the corporate market group life insurance for their employees upon disability and / or death. In addition, the Issuer also offers coverage of death to the employee's spouse or partner. The Issuer's market share in Norway in the segment for group life insurance was 27.3 per cent as of 30 September 2012¹⁰, and it has gross premiums of approximately NOK 775 million as of 31 December 2012.

Individual Savings Related Insurance Products

⁷ FNO (Finance Norway) industry reporting as of Q3 2012

⁸ Source: The Issuer's internal management records.

⁹ FNO (Finance Norway) industry reporting as of Q3 2012

¹⁰ FNO (Finance Norway) industry reporting as of Q3 2012

The Issuer has savings-related life insurance products with a guaranteed minimum return (*Livkonto*) and individual pension plan products (IPA Pensions with an investment guarantee) with customers funds of approximately NOK 18.5 billion as of 31 December 2012. Due to regulatory changes which now prohibit the selling of these products, both of these products are closed for new business and steps have been taken to accelerate the run-off process. The Issuer also offers unit-linked based pension savings products with investment choice but without a guarantee. As of 31 December 2012, the Issuer managed approximately NOK 6.6 billion in unit-linked based pension savings products.

Individual Life and Disability Insurance

The Issuer has a long establishment in individual life and disability insurance products and offers a wide range of products in the retail market. Main individual risk insurance products offered by the Issuer includes critical illness, cancer insurance and disability insurance coverage for children in Norway. As of 31 December 2012, the Issuer had a 9.9 percent market share in Norway for child insurance¹¹.

1.6.2 Future regulations

1.6.2.1 New hybrid occupational pension products

On 28 June 2012 the Norwegian Banking Law Commission (the **Banking Law Commission**) provided a report (NOU 2012:13) to the Ministry of Finance, assessing how the insurance based occupational pension products can be best adapted to the changes in the public pension system and the developments in the labour and financial market.

The Banking Law Commission proposed two main models for occupational pensions: the standard model and the basic model, which include the following common features:

- an all-years principle;
- the annual premium is set as a percentage of the employee's salary, with a maximum limit of 7 to 8 per cent. for income below 7.1 G (G being the baseline figure of National Insurance system, which is revised annually. One G is currently NOK 82,122) and 25 to 26 per cent. for income between 7.1 and 12 G.
- mortality inheritance;
- annual zero guarantee. It is still possible to agree on investment choices without an annual interest rate guarantee. Higher guaranteed rates can also be determined for a longer period (up to a maximum of five years), and within the limits set by the Norwegian FSA; and
- life expectancy adjustment of the pension payments through apportionment figures.

The main difference between the standard model and the basic model is that the pension funds in the standard model are regulated with salary inflation guaranteed by the employer while the pension funds in the basic model are regulated with an investment return.

The Issuer has a positive view on the proposals, which it believes are well adapted to the reform in the public pension system and the new capital requirements under Solvency II. The products' favourable tax treatment is beneficial for employees. The proposal also gives increased flexibility and more predictable costs for employers compared to the current defined benefit pension schemes. The capital requirements following the new products will be risk manageable. The products' zero guarantee reduces the investment risk, and the longevity risk is significantly reduced as a result of the life expectancy adjustment.

1.6.2.2 Transitional rules and new defined contribution products

On 7 January 2013, the Banking Law Commission submitted a report (NOU 2013:3) to the Norwegian Ministry of Finance (the **Ministry of Finance**), proposing rules for transition from the present defined benefit occupational pension products to the new defined contribution products in NOU 2012:13.

The Banking Law Commission's report will now go to public consultation and the Ministry of Finance intends to present a bill to the Norwegian Parliament (*Stortinget*) during the second half of 2013, with the new rules expected to come into effect on 1 January 2014.

Set out below is a brief summary of the proposals set out in the report:

1. The Banking Law Commission proposes to raise the maximum limits for savings in the present defined contribution pension schemes to correspond to what is proposed for the new hybrid products (the maximum limit to be increased from 8 per cent. to 26.1 per cent.).
2. Whilst pension earnings will now normally be invested in either the new contribution-based hybrid products or the present defined-contribution schemes, an allowance is proposed to be made for continuing the

¹¹ FNO (Finance Norway) industry reporting as of Q4 2012

defined-benefit pensions for employees born before 1962, with premiums for continuing defined benefit pensions to be based on new mortality rates.

3. The report proposes a transitional arrangement in which existing defined benefit pension earnings may be continued within the pension scheme. Premium reserves and additional statutory reserves linked to pension rights that have already been earned will be continued as separate pension holdings. Costs for these pension holdings will be covered by the employer and kept separate from new premiums.
4. It is proposed that paid-up policies are converted into pension certificates following the same principles as above. The pension holdings shall be sufficient to cover obligations on the date of payment. In the event that cover is insufficient, an escalation plan will be initiated. The proposed legislation gives the Ministry of Finance the authority to determine rules for such escalation plans in regulations.

The holder of a pension certificate can choose the investment option for the pension holdings. Members with pension holdings linked to earnings in defined-benefit schemes (see point 3) can also choose the investment option for these. When an investment option is chosen, the guarantee linked to the pension certificate/pension holding is given up at the same time.

The proposals allow for a transition from the present defined benefit products to the new occupational pension products. The Issuer has a positive view on the proposal to increase the maximum savings limits for the present defined contribution pension schemes and also on the way in which the proposals would facilitate a long-term adaptation to longevity of life by means of escalation plans and the way in which these escalation plans could also allow for a more appropriate guarantee structure for pension rights from the defined benefit schemes. The Ministry of Finance is expected to provide more detailed rules about this in the regulations.

Based on the proposal, new occupational pension premiums will normally be made in defined contribution based occupational pension products that are well suited to Solvency II and the low interest rate environment. The challenges for paid-up policies under Solvency II, as described in NOU 2012:13, will not however be resolved through the measures proposed in the report. The significance of the proposals for capital requirements under Solvency II will depend on how the escalation plans are formulated, the final treatment of earned rights and the adaptation to the proposals by pension providers and customers.

Many dissenting comments have however, been appended to the report and the proposals may be changed after the consultation process. The Banking Law Commission is now starting work on adapting the rules for death and disability coverage to the new pension products and new National Insurance. This part of the work will also include proposals for a review of the transfer rules so as to adapt them to the new products. The Banking Law Commission aims to have this report completed during 2013.

1.6.3 Swedish Operations – SPP

In December 2007, the Issuer acquired SPP Life (SPP Livförsäkring AB and SPP Liv Fondförsäkring AB). SPP Life offers pension and insurance solutions, and provides advice to companies and their employees in the Swedish occupational pensions market. SPP Life also offers private pension savings and personal risk coverage including illness and health insurance in the retail market. The company delivers qualified consultancy services within occupational pensions and insurance for companies and public sector entities.

SPP Life is a leading Swedish life insurance and pension provider with a 6.5 per cent. market share in the Swedish occupational pensions market (based on twelve month rolling values of premium income as of 30 September 2012)¹². As of 30 September 2012, SPP Life managed approximately SEK 135 billion in customer funds, comprised of approximately SEK 41 billion in defined benefits pensions, SEK 53 billion in defined contribution pensions, and SEK 41 billion in unit-linked pensions. SPP Life's customer base consists of approximately 30,000 corporate clients and 740,000 individual customers.

SPP Life is active in all segments of the Swedish life insurance market, including the tick-the-box occupational pensions market, the conventional occupational pensions market, and private life insurance market. SPP Life's key products are defined contribution pensions, defined benefits pensions, unit-linked pensions, occupational health insurance products (disability insurance), pension advisory services and administrative services. SPP Life aspires to be the simple, safe and assured customer choice in Sweden and with the wide range of products and services it has on offer, it has the ability to provide a "one stop shop" for all the pension needs of its customers, providing it with a strong competitive advantage. SPP Life's extensive experience and customer base across a wide range of sectors is also expected to provide scope for increasing its market share. Sales mainly occur via SPP Life's internal sales team, insurance agents and direct marketing.

SPP Life has a leading position in the "other occupational pensions" market segment with a 10.1 per cent. market share in Sweden (based on twelve month rolling values of premium income as at 30 September 2012). Corresponding figures for the same period in 2011 and 2010 were 9.9 per cent. and 11.4 per cent., respectively. In addition, SPP Life has a 2.2 per cent. market share in the tick-the-box market in Sweden and a 2.9 per cent. market share in the private pension segment in Sweden. Based on new sales of occupational pensions (with

¹² Source: statistics from Svensk Försäkring (Insurance Sweden)

twelve month rolling values as at 30 September 2012), the SPP Life business had a market share in the Swedish occupational pensions market of 7.9 per cent.¹³

In recent years, due to the low interest rate environment as well as the potential increase in capital requirements for interest rate guaranteed products as a result of future regulations, SPP Life has focused growth in unit-linked pensions. SPP Life has a leading position in the "other occupational pensions" market segment for unit-linked pensions with a 14.6 per cent. market share (based on rolling twelve month values as at 30 September 2012), an increase of 6.2 per cent. compared with the same period since 2008. From 2008 to 2011, premiums written and new sales in unit-link pensions increased by SEK959 million and SEK335 million, respectively. SPP Life has been named the best unit-link company in Sweden for four years in a row (2008-2011) by the insurance broker Söderberg & Partners. Its strength in unit-linked pensions lies in its ability to select better performing funds, low cost and the relatively wide range of funds offered.

1.6.3.1 Product categories and service offerings in Sweden

SPP Life's key products are defined contribution pensions, defined benefits pensions, unit-linked pensions, occupational health insurance products (disability insurance) and pension advisory services. SPP Life also acts as an agent for direct savings in SPP Fonder AB.

Traditional defined benefit plans: group occupational pensions with guarantees

Traditional defined benefit plans are products in which companies buy pension plans for their employees. The premiums paid would provide for a guaranteed minimum pension at a given age. The product is subject to profit sharing, and returns above the guaranteed levels provide a basis for increased pension rights and a profit for the life insurance company.

The customers consist of both active employees and pensioners. Given the increasing number of companies that are moving to defined contribution plans and the fact that more and more new plans offered are defined contribution plans, there are limited sales in the traditional defined benefit plans and the portfolio is thus mainly in run-off. Nonetheless, the portfolio will continue to be of importance for many years to come because of the long-term nature of these products.

Defined contribution plans: individualised occupational pensions with guarantees

SPP Life's defined contribution plans are individualised occupational pension plans with guaranteed benefits and profit sharing. Companies buy these products as pension plans for their employees. The primary difference between SPP Life's defined benefit plans and defined contribution plans is that the latter have no group elements or profit sharing at a group level. The plans are individual. New sales have been concluded with lower guaranteed rates than in earlier contracts. New sales only take place in the P250 portfolio of SPP Life's defined benefit products¹⁴ (the interest guarantee in this portfolio is currently 0.5 per cent.). Customers with defined contribution plans have rights to transfer their plans to a different provider.

Unit-linked

SPP Life's unit-linked business consists of contribution-based, individualised occupational pensions. The premium payments are invested in underlying mutual funds and the customer receives the related return. The product has no guaranteed interest. Customers in the Swedish market are increasingly choosing products without interest rate guarantees. Thus, unit-linked pensions is an important product that has been generating new sales and the portfolio is anticipated to grow considerably. SPP Life enjoys a leading market position in unit-linked products and 65.3 per cent. of its new sales are attributed to unit-linked products (based on total new sales in the first nine months of 2012). Unlike for products with interest guarantees, the financial market risk associated with the unit-linked pension product is limited. The risk management focuses on correct administration of the units, efficient operations and insurance risk.

Disability policies (pure risk coverage)

SPP Life's disability insurance consists of long-term, individual coverage. The coverage is sold as an extra option with occupational pensions plans. The coverage consists of compensation for loss of pay and a waiver of premium in the event of disability due to an accident and/or illness. The coverage expires upon reaching retirement age.

Direct savings

SPP Life acts as an agent for direct savings in SPP Fonder AB. SPP Fonder AB is the seventh largest fund management firm in Sweden and has approximately SEK 60 billion under management. SPP Fonder AB offers direct saving in interest funds, equity funds, and mixed funds in the market. Customers are private individuals, institutions and corporations. SPP Life also offers endowment insurance to its private customers.

¹³ Source: statistics from Svensk Försäkring (Insurance Sweden)

¹⁴ In 2008 the risk management of Storebrand and SPP divided SPP Life's defined benefit products into different portfolios based on the annual interest rate guarantee and buffer capital situation. At the time of inception the DB products in the P250 portfolio, on average, had an annual interest rate guarantee of approximately 2.5 percent. Today, this guarantee is somewhat below 2.5 percent due to new sales.

Pension advisory services

Through SPP Konsult, SPP Life offers pension advisory services. SPP Konsult was established 30 years ago and is today a leading benefit consultancy firm in Sweden. SPP Konsult has several of the largest Swedish multinationals as clients and is engaged in various assignments, such as strategic governance consulting, actuarial services and other benefits consulting services.

1.6.4 Risk Management

Storebrand Life Insurance Norway

A significant proportion of savings products in the Norwegian life insurance business provides for a guaranteed annual return. Financial risk relates primarily to the life insurance business' ability to meet the customers' guaranteed return, which for the majority of the products applies at an annual level. Therefore, risk management in this business aims to reduce the probability of the return falling below the annual guaranteed return for the various product groups in any single year.

The composition of the financial assets is determined by the Issuer's investment strategy. The investment strategy establishes guidelines and limits for the Issuer's risk management, credit exposure, counterparty exposure, currency risk, the use of derivatives, and requirements regarding the liquidity in the asset portfolio. The objectives of this dynamic risk management are to maintain good risk bearing capacity and to adjust the financial risk to the Issuer's financial strength. By exercising this type of risk management, the Issuer expects to create good returns both for individual years and over time. Dynamic risk management and hedging transactions reduce the likelihood of a low investment return. If the investment return is not sufficient to meet the guaranteed interest rate, the shortfall will be met by using risk capital built up from previous years' surpluses. Risk capital primarily consists of additional statutory reserves and unrealised gains. The owner is responsible for meeting any shortfall that cannot be covered from risk capital. The average guaranteed interest rate is expected to decline in the years ahead and since 2012 all new sales have been linked to a current annual guaranteed rate of 2.5 per cent, which may change in the future. The share capital is invested with a low market risk. The financial risk related to contracts in the unit-linked and defined contribution pension product categories is borne by the insured person, who can choose the risk profile.

The Issuer's total risk picture is monitored continuously using tools such as the Norwegian FSA's risk based-supervision and self-developed risk goals.

The Norwegian authorities specify that the Issuer's risk capital is the total of the market value adjustment reserve, additional statutory reserves, core capital in excess of the regulatory minimum and accrued earnings. Risk exposure is monitored using stress testing that estimates potential loss in the event of extreme market movements. The Issuer ensures that it meets all regulatory requirements, such as capital ratio and solvency capital ratio, by a satisfactory margin. The target solvency margin, under the current Solvency I regulation, set by the Issuer is 150 per cent.

Insurance policies are long-term agreements, and involve uncertainty in respect of assumptions about future rates of mortality and invalidity. The Issuer uses tariffs drawn up on the basis of statistical experience, and these tariffs are notified to the authorities. Insurance risk is separately monitored for every line of insurance in the current insurance portfolio. The risk result (the result arising from the incidence of mortality and/or disability during a period deviating from the assumptions used for tariff premiums) for each product group is broken down into the elements of death, accident and disability. The development of risk result is monitored throughout the year. For each type of risk, the ordinary risk result for a period represents the difference between the risk premiums the Issuer has collected for the period and the sum of provisions and payments that must be made for insured events that occur in that period. The risk result takes into account insured events that have not yet been reported but which, on the basis of its experience, is assumed to have occurred.

SPP Life

In SPP Life, the portfolios are divided into defined benefit pensions, defined contribution pensions and unit-linked contracts, and both defined benefit pensions and defined contribution pensions have associated guaranteed returns. In portfolios with a guaranteed return, the differences between the investments' and the insurance liabilities' interest rate sensitivity is minimised and the short-term interest risk is therefore substantially reduced. However, financial risks are assumed in order to achieve returns in excess of the guarantee, primarily by way of equities, corporate bonds and alternative investments. The proportion of equities in the portfolios is dynamically adjusted based on their risk bearing capacity, in order to dampen the effect of falls and at the same time participate in rises. Due to the more complex financial risk picture in SPP Life than in the Norwegian life insurance business, the risk to equity represented by the customer portfolio is also managed through derivative transactions in SPP Life's company portfolio.

The investment strategy and risk management in SPP Life comprises four main pillars:

- the assets' interest rate sensitivity is continuously adjusted to the insurance liabilities;
- asset allocation that results in a good return over time;

- the continuous implementation of risk management measures in the customer portfolios through dynamic risk management; and
- adjusted hedging in the company portfolio of parts of the financial risk that the customer portfolios are exposed towards the equity.

In traditional insurance with a guaranteed interest rate, SPP Life bears the risk of achieving a return equal to the guaranteed interest rate on the policyholders' assets and to ensure that the level of the contracts' assets is greater than the present value of the insurance liabilities. Profit sharing becomes relevant in SPP Life if the total return exceeds the guaranteed yield. In the case of some products, a certain degree of consolidation, i.e. the assets are greater than the present value of the liabilities by a certain percentage, is required in order for the owner to have earnings. If the assets in an insurance contract in the company are smaller than the market value of the liability, an equity contribution is allocated that reflects this shortfall. This is termed a deferred capital contribution (**DCC**) and changes in its size are recognised in the profit and loss account as they occur. The contracts' buffer capital must be intact in order for profit sharing to represent a net income for the owner. When the contracts' assets exceed the present value of the liabilities, a buffer, which is termed the conditional bonus, is established. Changes in this customer buffer are not, however, recognised in the profit and loss account. It is the policyholder who bears the financial risk in unit linked insurance contracts.

SPP Life also manages its insurance risk through a variety of reinsurance programmes. Specific cover is bought for some classes of business on a per risk and per event basis, and facultative reinsurance on life policies covers death and disability risk that exceeds the agreed maximum risk amount for own account. On top of the specific reinsurances, the company has bought catastrophe excess of loss reinsurance for event losses where more than 2 death or disability cases are involved.

1.6.4.1 Liquidity Risk Management

The Issuer has established good liquidity buffers in its investment portfolios, including significant holdings in liquid money market portfolios, and continuously monitors liquidity reserves against internal requirements.

1.6.4.2 Operational Risk Management

The Issuer has regularly tested business continuity plans which are considered adequate and requires its material outsourcers to maintain similar arrangements. Additionally, the Issuer has core controls in place to maintain the integrity and efficiency of its IT systems. The Issuer also has procedures and structures in place to monitor the internal control and compliance environments including risk management, internal audit and compliance functions throughout the Issuer.

1.7 Litigation and Arbitration Proceedings

The companies in the Storebrand Life Group are involved in various judicial and extra-judicial proceedings in Norway and abroad as plaintiff or petitioners or as defendants or respondents. The outcome of these proceedings cannot be ascertained at the date of this Prospectus, and could expose the Issuer to unexpected costs and losses, reputational and other non-financial consequences.

SPP Life is being sued under a writ of summons dated 16 June 2010, by Svenskt Näringsliv (Confederation of Swedish Enterprise), with a demand for compensation in the amount of approximately SEK 3.7 million plus interest and costs. The allegation is that SPP Life is obliged to pay supplementary pensions (*värdesäkringsbelopp*) pursuant to the provisions in the so-called "ITP Plan", and "associated agreements", as well as the Alecta Board resolution on such index regulation, products that SPP Life used to offer. The plaintiffs also allege that SPP Life is obliged to index-link paid-up contract pensions (*fribrevsuppräkn*) for the period from 2003 to 2006 in accordance with what Alecta has done (but which SPP Life has not done).

The Stockholm District Court passed its judgment on 9 March 2012 and decided in favour of SPP Life, and awarded it costs of SEK 10.4 million plus interest from the time of the judgment and until payment is made. The judgment was unanimous.

On 29 March 2012 however, Svenskt Näringsliv appealed the judgment to the Svea Court of Appeal, with a concurrent application for a permit to have the case be fully tested by the appeals court. On 24 April 2012, the Appeals Court notified the appellants that the case has been granted a hearing. The appeal is expected to be heard during the first half of 2013. Whilst the appeal is focused on questions of principle that are important beyond the case in question, a negative outcome is nevertheless assumed to have a significant economic effect on the SPP Life's portfolio. Based on an overall assessment of the case, and based on external legal reviews, the Issuer believes it is very unlikely that the appeal court will judge in favour of the appellants. Therefore, no provisions have been made in the accounts relating to this lawsuit.

2. Regulatory overview

2.1 Norway

Set out below are current and future regulations applicable to insurance activities of the Issuer.

2.1.1 General

The Issuer is subject to the supervision of the Norwegian FSA and regulated by the Norwegian Insurance Act (Act 10 June 2005 no. 44 (*Norwegian forsikringsvirksomhetsloven*)), the Financial Institutions Act (*Norwegian finansieringsvirksomhetsloven*) and various regulatory regimes.

The most relevant Norwegian regulatory legislation applicable to Norwegian insurance companies are:

- the Insurance Act (Act 10 June 2005 no. 44 (*Norwegian forsikringsvirksomhetsloven*)) regulating, *inter alia*, the authorisation of insurance companies, organisational requirements, insurance activity, winding-up of insurance companies and foreign insurance companies (the **Insurance Act**);
- the Insurance Contracts Act (Act 16 June 1989 no. 69 (*Norwegian forsikringsavtaleloven*)) regulating the relationship between the insurance company, the policyholder and the insured;
- the Financial Institutions Act (Act 10 June 1988 no. 40 (*Norwegian finansieringsvirksomhetsloven*)) regulating, *inter alia*, the authorisation of financial institutions, organisational requirements, finance activity and capital adequacy requirements; and
- the Financial Supervision Act (Act 7 December 1956 no. 1 (*Norwegian Finanstilsynsloven*)) regulating the supervision of, *inter alia*, financial institutions and investment firms authorised by the Norwegian FSA.

Detailed secondary regulations have also been enacted by the Ministry of Finance and the Norwegian FSA pursuant to each of the above Acts.

The Insurance Act distinguishes between life insurance and non-life insurance. The Insurance Act requires that life insurance must be carried out by a life insurance company, and that non-life insurance must be performed by a non-life insurance company. Hence, life and non-life insurance activity may not be carried out by the same entity. Life and non-life insurance companies are subject to similar organisational requirements, but the rules governing the insurance activity (rules on premiums and insurance technical allocations) differ. The Norwegian FSA may however, authorise non-life insurance companies to write life insurance in the form of pure risk insurance contracts of a maximum of one year's duration and reinsurance in the field of life insurance.

According to Section 6-1 of the Insurance Act an insurance company may only carry out insurance activity and activities that are naturally associated with insurance activity. This prohibition implies, among other things, that an insurance company is subject to restrictions from borrowing money to finance its activities.

According to Section 6-2 of the Insurance Act an insurance company may not own, or by voting represent, more than 15 per cent. of the shares or interests in a company carrying on activities which pursuant to Section 6-1 may not be carried on by insurance companies. This prohibition does not apply where the overall value of such investments is less than the assets of the insurance company that remain after deduction of technical provisions covering the insurance liabilities, provided that the financial risks related to the investment are limited to the value of the investment in question. The Ministry of Finance can consent to exceptions from the above prohibition. Exceptions may however only be granted in special cases and can be made subject to conditions. The provisions of Section 6-2 do not however, apply to the right of insurance companies to own shares or interests in other financial institutions. This also includes broker firms, estate agencies, asset management companies and foreign financial institutions.

2.1.2 Authorisations and Approvals

Authorisation to conduct insurance activity is granted by the Ministry of Finance. Such authorisation will include a licence to perform insurance activity in one or more insurance classes, or part of a class, and may be subject to conditions set by the Ministry of Finance. An authorisation cannot be withheld unless there is reason to assume that the company will not fulfil the requirements set by or pursuant to the law, or that the initial capital is not in reasonable proportion to the planned activity, or that authorisation will otherwise adversely affect the policyholders or groups of policyholders.

Pursuant to the Financial Institutions Act, acquisition of qualifying holdings in a financial institution is subject to prior approval by the Ministry of Finance or the Norwegian FSA. A qualifying holding is a holding that represents 10 per cent. or more of the capital or voting rights in a financial institution or allows for the exercise of significant influence on the management of the institution and its business. Approval may only be granted if the acquirer is considered appropriate according to the Financial Institutions Act (the so-called "fit and proper" evaluation). Furthermore, new approvals are required for holdings that reach or exceed certain thresholds (20 per cent., 30 per cent. and 50 per cent.). In the event of a reduction of holdings, any person proposing to dispose of a qualifying holding or to reduce such a holding so that it falls below the equivalent thresholds is also required to notify the Norwegian FSA.

An owner's overall holding is computed on the basis of the owner's holdings of shares and (i) holdings which the owner is entitled by an agreement to acquire on its own initiative, (ii) holdings for which the owner is entitled by agreement to exercise voting rights (but not voting rights proxy as mentioned in Section 5-2 in each of the Norwegian Public Limited Companies Act and the Norwegian Private Limited Companies Act when no compensation is given for that proxy) and (iii) holdings which a person or institution closely linked (family or

institution owned or controlled by the holder) owns or is entitled to acquire or to exercise voting rights for. Agreements on acquisition subject to authorisation under the financial legislation (e.g. pre-acceptances given under a voluntary bid) shall not be included for the purpose of calculating holdings as mentioned above, unless the agreement in question entails that (i) the owners are entitled to compensation equalling more than 5 per cent. of the market value of the shares at the time of the offering, (ii) the owners are entitled to a loan from the offeror or (iii) the owners' right to exercise voting rights attached to the shares is restricted.

Moreover, pursuant to the Financial Institutions Act formation of a financial group (a group of companies consisting of mainly financial institutions) and any amendments to the structure of such group are subject to approval from the Norwegian FSA. This requirement is in addition to the licence requirement related to the activity of the individual entities in the group. Furthermore, the formation of a financial group that includes an insurance company is also subject to an approval requirement pursuant to the Insurance Act.

2.1.3 Insurance Activity and Related Activities

In order to secure the insurance companies' ability to cover their liabilities, the business activities of the insurance companies are subject to various regulations in Norway. These regulations implement various EU-directives relating to insurance into Norwegian law. The most relevant regulations in relation to the insurance activity and related activities are:

- regulations on how the company shall estimate and collect its insurance premiums;
- regulations on how the insurance company shall assess its liabilities towards the policyholders and the insured and ensure coverage of those liabilities;
- regulations on how the insurance company shall manage its capital (capital management); and
- regulations that require the insurance company to have a certain amount and type of capital in place (capital adequacy requirements and solvency margin capital).

2.1.4 Premiums, Insurance Technical Allocations and Asset Management

According to the Insurance Act a life insurance company shall determine premiums that are in reasonable proportion to the risk it assumes and the services the company offers. It is the insurance company that is responsible for setting the premiums, and under Norwegian law there is no advance approval requirement of the premiums charged by the companies. However, the premium tariffs that an insurance company intends to apply shall be notified to the Norwegian FSA, which shall, pursuant to the Insurance Act, supervise the premiums to ensure that they fulfil the requirements under the Insurance Act. According to the requirements the premiums must be reasonable and proportionate, and moreover sufficient to ensure coverage of the liabilities under the insurance contracts. The insurance company may not charge premiums that discriminate unfairly between products, combinations of products or groups of customers. Furthermore, separate premium tariffs shall be provided for (i) coverage of personal risk, (ii) provision of asset management services (including premium related to the provision of a guaranteed return), (iii) provision of asset management services related to unit linked contracts and (iv) provision of administrative services.

The Norwegian FSA may prohibit the use of premiums that are deemed to be unsatisfactory or unreasonable by the Norwegian FSA.

Insurance companies are also required to make insurance allocations to cover the liabilities derived from the company's insurance activity. This means that a company must calculate its insurance liabilities and ensure that it has the necessary assets to cover such liabilities. The assets must meet the requirements in the regulations issued by the Ministry of Finance under the Insurance Act. Furthermore, these assets must provide coverage of the company's calculated total liabilities with regard to the insurance technical allocations.

An insurance company shall provide for prudent asset management. The asset management concerning such company's assets that cover the insurance technical allocations is subject to detailed rules set forth in a regulation adopted under the Insurance Act.

2.1.5 Capital Requirements

Insurance companies within the EU and EEA (including Norway) are subject to solvency margin requirements, according to national legislation implementing EU insurance directives.

The solvency margin expresses the risk related to an insurance company's insurance liabilities, and the insurance company must at all times maintain sufficient equity capital to meet its required solvency margin.

The EU is currently preparing new rules for solvency capital requirement (Solvency II), please see section "– 2.1.7 Future developments – Solvency II Directive" below for further details. Pending the adoption and implementation of Solvency II, Norwegian insurance companies are subject to both capital adequacy requirements and the mentioned solvency margin requirements. According to the Insurance Act, insurance companies shall at all times have a capital adequacy which constitutes at least 8 per cent. of the company's assets and the company's off balance sheet liabilities, calculated in accordance with principles for risk-weighting that apply to banks under the Basel I regime. Qualifying capital can be in the form of core and supplementary

capital. Core capital will typically consist of equity capital, while supplementary capital can be composed of subordinated loan capital.

The capital requirements must be complied with at all times. Insurance companies are obliged to document their fulfilment of the requirements by reporting to the Norwegian FSA on a quarterly basis.

The principles for risk-weighting of insurance companies' commitments are set out in a regulation issued under the Insurance Act. This regulation also states that if an insurance company, subject to this regulation, has ownership interests that amount to 20 per cent. or more of the share capital or voting rights in another financial institution (i.e. in a financial group), the capital adequacy requirements shall also be applicable on a consolidated basis (on a pro-rata basis between 20 per cent. and 50 per cent.).

2.1.6 Other Requirements and Regulations

Chapter 13 of the Insurance Act regulates the winding-up and merger of insurance companies. A resolution to wind up or dissolve an insurance company must be approved by the Ministry of Finance. When it is decided to wind up the company, writing of new and renewal of existing insurance contracts shall not take place.

Insurance companies are not subject to ordinary bankruptcy rules. Instead, they are governed by the Act on Guarantee Schemes for Banks and Public Administration (Act 6 December 1996 no. 75) (Norwegian *Banksikringsloven*). Subject to this act, the Ministry of Finance can decide that an insurance company shall be subject to public administration if it does not meet the capital requirements or is unable to meet its liabilities as they come due. The same applies if there is reason to believe that the company is not solvent and that there is no basis for further sound management of the company.

If an insurance company comes under public administration its corporate bodies are replaced by an administration board appointed by the Norwegian FSA and the business of the company is suspended, either temporarily until the situation has been rectified or permanently by liquidation. In such a situation, no new insurance policies are to be issued and existing insurance policies must be transferred to another insurance company or written down, in the case of life insurance, or terminated with three months' notice, in the case of non-life insurance. Payments to policyholders and other creditors shall be subject to consent from the Norwegian FSA.

2.1.7 Future developments

Solvency II Directive

The new Solvency II Directive will replace (amongst other legislation) the current Non-Life Directives, the Consolidated Life Directive, the Reinsurance Directive, the Winding-Up Directive and the Insurance Groups Directive. The new framework is intended to introduce more sophisticated and risk sensitive standards to capital requirements for insurers in order to ensure sufficient capital is held to protect policyholders from adverse events, market risk, credit risk and operational risk. Solvency II will be based on three pillars: capital requirements, supervisory review process and public reporting and disclosure. It will also cover asset and liability valuations, the treatment of insurance groups, the different types of eligible capital and overall level of capital requirements.

Solvency II is being developed in accordance with the four-level Lamfalussy process. The "Level 1" Framework Directive was formally adopted by the European Council on 10 November 2009 and had an implementation date of 31 October 2012. However, this date has been amended by the Amending Directive which was adopted by the European Parliament on 3 July 2012 and the European Commission on 12 September 2012. The Amending Directive provides for a split Solvency II implementation (known as **bifurcation**), with 30 June 2013 as the transposition date for Member States to implement the Solvency II Directive into national law and 1 January 2014 as the implementation date for firms.

The European Commission first published the draft Omnibus II Directive on 19 January 2011. If enacted, this Directive will amend the Solvency II Directive to reflect the new roles of the European Supervisory Authorities (including, in relation to Solvency II in particular, EIOPA) as well as making a number of other changes described below. The European Commission proposal included a change to the implementation date for the Solvency II Directive to 1 January 2013. Both the Council and Parliament proposed changes to the Omnibus II Directive which included moving full implementation of Solvency II for firms to 1 January 2014. However, the final text of the Omnibus II Directive is yet to be agreed and the date for the plenary vote on the Directive has been repeatedly moved back. The uncertainty in relation to the timing of the implementation of Solvency II will not be resolved until the Omnibus II Directive is agreed.

In addition to amending the implementation date of Solvency II, the draft Omnibus II Directive seeks to make further amendments to the Level 1 Solvency II Directive published in 2009. The proposed amendments include the granting of power to the European Commission to specify transitional measures in a number of areas, including valuation, governance requirements, the determination and classification of own funds and international convergence with Solvency II requirements (third country equivalency tests), and the granting of power to EIOPA to set binding technical standards in regard to Solvency II to be followed at national level. Although originally intended to make minimal changes to Solvency II, it now seems likely that the Omnibus II Directive will make a number of substantive changes to the Solvency II Directive itself. The European Parliament has proposed elevating a number of areas expected to be dealt with in the Level 2 measures into the Level 1 text, including the

detail of the criteria for temporary third country equivalence, the 'matching premium' and the transitional measures. The European Parliament is currently scheduled to hold its plenary vote on the Omnibus II Directive in June 2013.

EIOPA has been commissioned to carry out a study on the impact of Solvency II capital requirements and the matching premium proposals on long term guarantee products, with the report of the findings expected later in 2013. Commissioner Michel Barnier has proposed delaying implementation of Solvency II until 1 January 2015 to allow for consideration of the results of this study. National regulators and commentators have variously suggested implementation is likely to be delayed until 2016 or even 2017. However no firm timetable has been published as yet.

The European Commission has initiated the process of developing detailed rules that will expand on the high-level principles of the Solvency II Directive, referred to as "Level 2 implementing measures" (which will be known as "delegated acts" once the Omnibus II Directive has been adopted). It is expected that the final adoption of the implementing measures will not take place until after the Omnibus II Directive is finalised.

The changes to the Solvency II Directive to be introduced by the Omnibus II Directive include giving powers to EIOPA to propose 'binding technical standards' or 'implementing technical standards', which will be adopted by the European Commission and will be binding on firms. However as adoption of Omnibus II has been delayed, adoption of technical standards will also be delayed.

At "Level 3", non-binding standards and guidance will be issued by EIOPA. EIOPA has advised that it will not be able to publicly consult on the Level 3 measures until the European Commission has published its Level 2 proposals.

However, EIOPA has been allowed to publish consultation papers on Level 3 guidelines on the "own risk and solvency assessment" and on reporting and disclosure, which were issued in November 2011, along with an impact assessment on the Solvency II reporting package. EIOPA explained in its work programme for 2012, published on 23 January 2012, that its adoption of the Level 3 measures is subject to the adoption of the Omnibus II Directive and the date of approval of the European Commission's Level 2 measures. In its work programme for 2013, published on 4 October 2012, EIOPA has stated that it is currently consulting on the technical standards and guidelines and expects to finalise them in 2013. At "Level 4", the European Commission will monitor compliance by Member States with the legislation and guidance and take enforcement action where necessary. It will be assisted in this work by EIOPA.

A central aspect of Solvency II is the focus on a supervisory review at the level of the individual firm. In addition, Solvency II requires firms to develop and embed an effective risk management system as a key part of running the firm. Member States are also permitted to adopt internal models approved by the local regulator in place of the standard formula used under Solvency II. With the anticipated delay in Solvency II implementation, it has been suggested that the review and reporting elements of Solvency II (pillars 2 and 3) should be adopted before the quantitative requirements in pillar 1 and a number of Member States are considering adopting parts of the regime into their national legislation before the whole regime is finalised at EU level.

It should be noted that EU legislation (such as Solvency II and its implementing legislation) needs to be made a part of the EEA Agreement before Norway is obliged to implement the EU/EEA rules into Norwegian law. The decision to implement new EU legislation into the EEA Agreement is made by the EFTA Committee, which consists of representatives of the EFTA/EEA states on the one hand and the European Commission on the other. The Norwegian Government has stated that Solvency II and its implementing legislation is deemed to be EEA-relevant and that it will support its inclusion into the EEA Agreement. However, the competences that the Omnibus II Directive will grant to EIOPA towards the Norwegian FSA and Norwegian insurance undertakings will raise constitutional issues for Norway that need to be resolved before Solvency II (as amended by the Omnibus II Directive) is made part of the EEA Agreement. More specifically, section 93 of the Norwegian Constitution does not allow for the transfer of regulatory authority to a non-Norwegian authority of which Norway is not a full member (such as EIOPA) without the transfer being adopted by the Norwegian Parliament with a qualified majority (3/4th of the votes). The Norwegian authorities and the EU Commission are currently negotiating on procedural amendments that can be made in Regulation 1094/2010 (the Regulation establishing EIOPA) in order to resolve the issue. It should be noted that the issue is not specific to Solvency II, but it remains an issue for all new EU Directives and EU Regulations that make references to the European Supervisory Authorities. Transposition of Solvency II into Norwegian law will require significant amendments to Norwegian laws and regulations. The Ministry of Finance has stated that it intends to implement the Level 1 Solvency II Directive in a new Financial Institutions Act that was proposed by the Banking Law Commission in April 2011. The new Act will replace *inter alia* the current Insurance Act and the Financial Institutions Act, and it is expected that the Ministry of Finance will put forward a legislative proposal to the Norwegian Parliament during the spring of 2013. It remains unclear whether the Ministry of Finance will need to revert to the Parliament with an amended proposal at a later stage to take into account any amendments made in the framework directive due to the Omnibus II Directive.

It should be noted that EU Regulations (whether adopted on Level 1 or Level 2) do not have direct effect in EFTA/EEA-states (such as Norway). Instead, EU Regulations are generally transposed "as such" into Norwegian laws and regulations. It is expected that Norwegian implementation of the EU level 2 legislation will take place in

a Regulation to the new Financial Institutions Act. It is expected that the Norwegian FSA will put forward a proposal in late 2013 for Norwegian implementation of the delegated acts and binding technical standards (Level 2) to be adopted by the European Commission under Solvency II (as amended by the Omnibus II Directive).

There is significant uncertainty regarding the final text of the Level 2 implementing measures and the Omnibus II Directive, and hence the requirements of Solvency II. As a result there is a risk that the effect of the measures finally adopted could be adverse for the Storebrand Life Group, including among other things, a potentially significant increase in capital to support its business and costs associated with developing an enhanced risk management and governance framework.

2.1.8 Current and future regulations applicable to the pension products offered by the Issuer

Under the Norwegian Defined Benefit Pension Act, Norwegian pension providers (such as the Issuer) have assumed obligations to the insured persons and pensioners that expose the pension providers to risk relating to increased life expectancy and low interest rates. These factors have contributed to an increase and unpredictability in the cost to companies of such pension schemes. This has led to conversions from defined benefit pension schemes to defined contribution pension schemes.

With the existing product regulation, Solvency II is expected to lead to a tightening of capital requirements for Norwegian pension institutions. The minimum solvency capital requirement for pension institutions is expected to be higher as a result of, for example, a broader basis of calculation and the fact that additional provisions and certain other reserves can no longer be counted as regulatory capital. There is a particular challenge related to paid-up policies and capital requirements under Solvency II. Paid-up policies are pre-paid insurance contracts which are generally of a long duration. The discount rate which has been applied to the premium reserves for the paid-up policies is the same as the maximum allowable rate that has been used for the calculation of premiums. According to Solvency II, the market yield curve of the risk-free rate (the Norwegian swap rate) will be used in discounting in the calculation of obligations in the Solvency II accounts. Depending on the interest rate level at the time of implementation this will most likely result in an increased demand for capital. Moreover, the risk of a mismatch between the long-term insurance obligations for paid-up policies and the shorter duration of available Norwegian low-risk bonds, combined with an inability to obtain remuneration for the return risk on paid-up policies, will necessitate solvency capital.

In 2009, the Ministry of Finance commissioned the Banking Law Commission to evaluate and make adjustments to the pension acts to match changes in the National Insurance. The Ministry of Finance allowed for The Banking Law Commission's work to be divided up into several reports. The Banking Law Commission has so far published three reports (relevant for this purpose) with a two-fold purpose: to align the current pension legislation with the changes in the National Insurance scheme, and to suggest legislative amendments to ensure that the pension products do not impose an unsustainable financial risk on the pension providers under the future Solvency II framework. The content of the three reports are summarised below (see also "*Business Description — Business of the Issuer — Future regulation*" above):

1. In its report of 15 December 2011 (NOU 2012:3), the Banking Law Commission suggested amendments in the Defined-Benefit Pension Act which is intended to limit the issuing of paid-up policies and to align certain characteristics of the number of such policies more with the capital requirements. More specifically, the Banking Law Commission proposed that, in connection with the issuing of a paid-up policy or subsequently, the policy holder may agree that the pension institution is to manage the paid-up policy with an investment option without guarantee. This measure is intended to include both newly issued policies and those issued prior to the implementation of any changes in the regulations. The proposal has since been adopted by the Norwegian Parliament, but has not yet come into force.
2. The second relevant report on the topic from the Banking Law Commission (NOU 2012: 13), was published on 28 June 2012. This report encompassed a draft for a new Act on Collective Service-Pension Insurance (the **Service Pension Act**), that is intended to replace *inter alia* the existing Defined Benefit Act. The draft of the new Service Pension Act creates a new form of insurance-based service pension scheme that is based on two different models – the standard model and the basic model. Both models may be described as "hybrids", having characteristics recognisable from both defined benefit pension schemes and defined contribution pension schemes. The difference between the models is the types of guarantees of annual upwards adjustment the undertaking gives its employees. The pension plan shall lay down how much defined-contribution premium the undertaking shall pay in each year to the employee's pension stock in the pension scheme. The defined-contribution premium shall be stipulated as a percentage of salary up to 12G (G being the baseline figure of the National Insurance system, which is revised annually. One G is currently NOK82,122.). The draft legislation sets a maximum level for the annual defined-contribution premium. When pension is drawn, the pension stock shall be recalculated as an annual pension benefit *inter alia* by the use of actuarial adjustment. The proposal has been on a public hearing, and based on the comments in the hearing, the Ministry of Finance has asked the Norwegian FSA to consider, prepare and draft legal provisions for one or more alternative methods on how earned pension assets can be converted to annual retirement benefits and treated during the payment period. It is expected that the Ministry of Finance will put forward a bill to the Norwegian Parliament on the new Service Pension Act during the autumn of 2013 (to enter into force on 1 January 2014).

3. The third report from the Banking Law Commission (NOU 2013:3) was released on 7 January 2013. The main topic of this report is transitional rules for existing defined-benefit pension schemes in implementation of the new Service Pension Act. The draft transitional rules make a clear distinction between old and new earning of the right to an old-age pension. A flexible transitional scheme is created in which the pension plan of the existing pension scheme is amended in accordance with the new Service Pension Act. The same pension scheme will thereby form the basis for a new pension scheme in accordance with the Service Pension Act. At the same time, already-earned pension rights are secured by the worker's own pension stock in the pension scheme. The transitional rules also take special account of older employees by allowing the employer the opportunity to continue a defined-benefit pension earning or by paying supplementary premium over and above the defined-contribution premium for this group of employees.

The transitional rules do not address the pension schemes' regulatory system for disability and survivors' benefits. The National Insurance system's new system for disability benefit has been adopted, but will not enter into force until 2015. The scheme for survivors' benefits is still being studied. The Banking Law Commission proposes that the adaptation to the draft Service Pension Act be made through alteration of existing pension schemes' pension plans and regulatory system in general.

It is proposed that the changes be completed as soon as possible and no later than three year after the Service Pension Act's entry into force.

The proposal for transitional rules has been sent on a public hearing, and it is expected that the proposal may be included in the bill to the Norwegian Parliament that the Ministry of Finance is expected to submit (on the new Service Pension Act) in the autumn of 2013 (to enter into force on 1 January 2014).

2.2 Sweden

2.2.1.1 Overview of Relevant Legislation

The most relevant Swedish legislation applicable to insurance companies are:

- the Swedish Insurance Business Act (SFS 2010:2043) (Swedish *försäkringsrörelselagen*) (the **Insurance Business Act**) which regulates the conducting of an insurance business, including, *inter alia*, authorisation of insurance companies, organisational requirements, capital requirements and winding-up of insurance companies;
- the Act on Foreign Insurers' and Occupational Pension Providers' Operations in Sweden (SFS 1998:293) (Swedish *agenomutländskaförsäkringsgivaresochpensionsinstitutetsverksamhetisverige*) which regulates the activities of foreign insurers' secondary establishments in Sweden; and
- the Swedish Insurance Contracts Act (SFS 2005:194) (Swedish *försäkringsavtalslagen*) regulating the relationship between the insurance company and the policyholder and the insured.

The legislation is supplemented by detailed regulations given by the Swedish Financial Supervisory Authority (Swedish *Finansinspektionen*) (the **Swedish FSA**).

As of 1 July 1995, the Swedish insurance legislation was adapted to the EU's Third Non-Life and Life Insurance Directives, and since 1 January 1996, the EU regulations for annual and consolidated accounts in insurance undertakings have been part of Swedish law.

Similar to the Norwegian regulations, the Insurance Business Act distinguishes between life and non-life insurers. In general terms, a life insurer cannot carry on non-life business and vice versa. There are some exceptions, though: certain critical illness- and accident insurance policies (*Swedish långsjuk- ocholycksfallförsäkring*) can be issued by both life- and non-life insurers.

With regards to corporate regulations and the general conduct of business, there are only minor differences between the two categories, although the regulations differ in the context of technical provisions.

As in Norway, insurance companies may only engage in other business that has a natural connection with insurance activities, such as accident prevention and third party claims handling. The borrowing of monies is, in general terms, prohibited but the Swedish FSA may grant exemptions.

The rather complex risk spreading regulations in Section 6 of the Insurance Business Act prohibit an insurance company from investing more than certain fractions of its assets matching the technical reserves in other companies, unless the investment is considered as "strategic", i.e. in an entity that carries on business that has a natural connection with the insurance business.

2.2.1.2 Authorisations and Approvals

In order to establish an insurance company or expand a company's product portfolio, a concession or authorisation is required. Such authorisations are normally issued by the Swedish FSA but in matters of principle or of great importance, the application will be referred to the Swedish government (i.e. the Department of

Finance) for a final decision. An application is granted if the insurance company is deemed to be able to satisfy the requirements for sound insurance operations. Authorisation is obtained in one or more direct insurance classes and/or for reinsurance. The company must apply for registration with the Swedish Companies Registration Office within six months from obtaining authorisation. A failure to do so will result in the revocation of the authorisation. When the company is registered, it can commence its insurance business activities.

A qualified direct or indirect holding in an insurance company is subject to the approval of the Swedish FSA. A qualified holding is defined as a direct or indirect holding of 10 per cent. or more of the share capital or the voting rights of the company or a holding that otherwise entails a substantial influence over the management of the company (Section 1, Article 15 in the Insurance Business Act).

The management of an insurance company is subject to the approval of the Swedish FSA. The management of the company comprises the members of the board that are elected by the general meeting of shareholders, the managing director (Swedish *verkställandedirektör*) and the deputy managing director(s), if any. The same applies to the management of the parent company, if the parent company is an insurance holding company, which is defined as a company, not being an insurance company itself, that has the main purpose of owning and administering shares in subsidiary insurance companies (Section 1, Articles 12 and 15 of the Insurance Business Act).

The insurance company shall establish guidelines for the calculation of the technical provisions, which shall be submitted to the Swedish FSA prior to the commencement of its business.

2.2.1.3 Capital Requirements

As in Norway, the Swedish insurance companies must comply with the solvency margin requirements established by the European Union.

Furthermore, the Insurance Business Act contains regulations on capital adequacy. An insurance company must at all times have enough capital to fulfil its liabilities towards the policyholders. The technical provisions, including provisions for claims cost, claims handling costs and administrative costs and guaranteed and conditional returns, shall equal the company's corresponding liabilities. In all calculations, and especially calculations related to occupational pension insurances, all applied methods shall be prudent.

The insurance company shall hold assets that at all times cover its liabilities (i.e. the technical provisions), net of reinsurance. The Insurance Business Act contains very detailed regulations on the kind of assets to be used for coverage. The regulations, based on risk spreading principles, weigh different types of assets and set forth the fractions to which they may be used as matching assets. The assets shall be registered in a separate ledger, which shall evidence each asset and its value at any given moment. The company shall appoint an individual to be responsible for keeping the ledger and that person shall be reported to the Swedish FSA.

Information on the technical provisions shall be reported to the Swedish FSA on a quarterly basis.

The board of directors of the company shall establish asset management guidelines. The company (i.e. generally the managing director) shall appoint an asset management committee, which shall supervise the asset management and to which managerial queries may be addressed.

The capital base of the company consists of core capital (equity), supplementary capital (subordinated loans and shareholder's contributions), and untaxed reserves. The capital base may not be less than EUR 3 million.

2.2.1.4 Winding-up and Bankruptcy

The regulations on winding-up and bankruptcy of insurance companies do not materially differ from those of regular limited liability companies.

The general meeting of shareholders may decide that the company shall be wound-up. If the equity is less than one third of the registered share capital, the board of directors and the shareholders must take appropriate actions to either strengthen the capital base or to wind up the company.

When an insurance company is declared in bankruptcy by a court decision, an official receiver is appointed, with the objective of liquidating the company's assets. The Swedish FSA may appoint an independent receiver.

2.2.1.5 Other Requirements and Regulations

The insurance company shall make necessary arrangements for the handling of personal data and sensitive personal information (e.g. information in medical journals) and appoint an officer designated to personal data matters.

The company must establish efficient complaints handling procedures and appoint an officer responsible for the complaints handling.

Furthermore, the company must adopt various policies and guidelines, e.g. a reinsurance policy, a policy on governance and internal control, a policy for the reporting of incidents of significant importance, guidelines for the handling of conflicts of interest, and a policy for the prevention of money laundering and financing of serious

crimes. The company shall also establish internal functions for compliance, risk control and independent monitoring (internal audit).

The Swedish FSA shall appoint one or more auditors, unless the insurance company's business activities are of minor proportions. The auditor's tasks are set forth in an instruction established by the Swedish FSA and such tasks are conducted in cooperation with the auditor(s) elected by the general meeting of shareholders.

The Act on Supervision over Financial Conglomerates (SFS 2005:531), based on the EU conglomerate directives, sets forth the joint supervision over companies belonging to the same group within the financial sector in the EEA. The Swedish FSA coordinates the supervision if the ultimate parent company is, *inter alia*, a Swedish insurance company or a Swedish insurance holding company. Furthermore, the Act sets forth that the joint capital base and capital adequacy requirements for financial conglomerates shall be calculated according to the relevant sector regulation. If the ultimate parent company is an insurance company, the basis for calculation shall be Method 2 as set forth in Appendix 1 to the Conglomerate directive (the joint and account method).

3. Legal Information, Organisation and Management

3.1 Company details

The Issuer is a private limited liability company incorporated in Norway on 30 October 1990 under the laws of the Kingdom of Norway. The Issuer is registered in the Norwegian Register for Business Enterprises, company registration number 958995369. The Issuer employs approximately 918 people and has its headquarters in Lysaker, Norway.

Registered address:
Storebrand Livsforsikring AS
Professor Kohts vei 9
N-1366 Lysaker
Norway

Postal address:
Storebrand Livsforsikring AS
P.O. Box 500
N-1327 Lysaker
Norway

Telephone number: +47 22 31 50 50

3.2 Ownership and Control

The Issuer is a wholly owned subsidiary of Storebrand ASA. Storebrand ASA is a company listed on the Oslo Stock Exchange, ticker code STB. For shareholder information on Storebrand ASA, please see the investor relations website of the Storebrand Group at: <http://www.storebrand.no/ir>. The Storebrand Group's website is not incorporated by reference into, nor does it form part of, this Prospectus.

3.3 Major Shareholders

Storebrand ASA is the sole shareholder of the Issuer, with full voting rights and control at the general meeting.

3.4 Laws and regulations

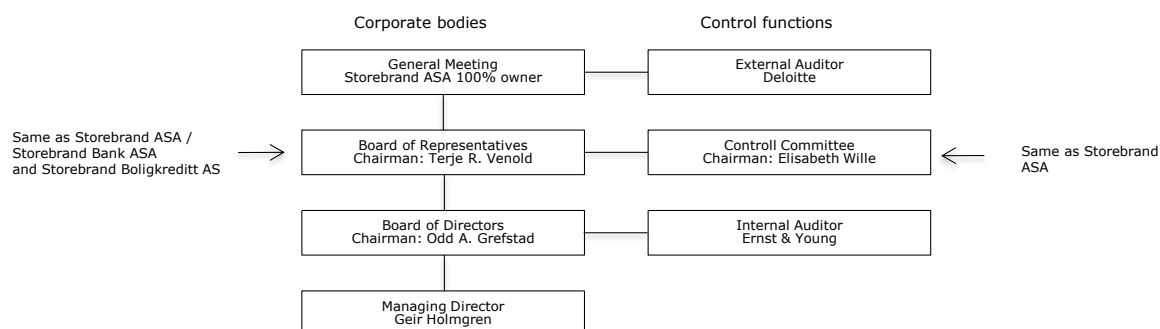
The principal acts regulating the activities of the Issuer are the Norwegian Insurance Act, the Financial Institutions Act, the Norwegian Private Limited Companies Act, the Norwegian Securities Trading Act and the Norwegian Act on Guarantee Arrangements and Public Administration, etc. of Financial Institutions.

The Issuer is regulated by the Norwegian FSA. In accordance with Norwegian financial and insurance regulation, the Issuer must maintain a minimum capital ratio of 8 per cent. and is also subject to minimum solvency margin capital requirements.

Any credit facility extended to the Issuer is subject to approval in credit committee and from the Board of Directors, and must meet credit policy requirements in respect of (amongst others) collateral and creditworthiness.

3.5 Organisational Structure

The Issuer's organisational and corporate governance structure is summarised as follows:



4. Members of Administrative, Management and Supervisory Bodies

4.1 The Board of Directors

The Board of Directors is responsible for the administration of the Issuer on behalf of its shareholder. The Board of Directors must also ensure that the Issuer is organised and operates in a satisfactory manner and in compliance with all applicable laws, regulations and mandates. Two members of the Board of Directors must be elected by and among the Issuer's employees. The remaining members of the Board of Directors are elected by the Board of Representatives.

The Board of Directors of the Issuer currently has the following members:

Name	Function	Significant Outside Activity (where significant with respect to the Issuer)
Odd Arild Grefstad	Chairman	CEO, Storebrand ASA
Peik Norenberg	Member	Senior Vice President, Norsk Hydro ASA
Inger Johanne Bergstøl	Member	Human Resources Director, Umoe AS
Tove Storrødvann	Member	Secretary general, The federation of Norwegian Professional Associations
Jan Otto Risebrobakken	Member	Director of Public Affair
Erik Haug Hansen	Member (employee elected)	Employee of the Issuer
Else-Lill Grønli	Member (employee elected)	Employee of the Issuer

There are no potential conflicts of interest between the members of the Board of Directors' duties to the Issuer and their private interests and/or other duties.

The business address of each member of the Board of Directors is:

The Board of Directors of Storebrand Livsforsikring AS
Attn.: Chairman, Odd Arild Grefstad
P.O. Box 500
N-1327 Lysaker
Norway

4.2 The Board of Representatives

The Board of Representatives gives recommendations in the general meetings of shareholders (the **General Meeting**) concerning approval of the profit and loss statement and balance sheet proposed by the Board of Directors, in addition to the allocation of profit or the manner of covering losses. The Board of Representatives also elects directors, including the chairman of the Board of Directors, and determines the directors' fees, and appoints members to the election committee. Finally, the Board of Representatives issues instructions concerning the activities of the Control Committee and receives their reports. The Board of Representatives for the Issuer has the same members as the Board of Representatives of Storebrand ASA.

The Board of Representatives of the Issuer currently has the following members:

Name	Function	Significant Outside Activity (where significant with respect to the Issuer)
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Terje Richard Venold	Chairman	Board of Representatives, Storebrand ASA; CEO, Veidekke ASA
Vibeke Hammer Madsen	Deputy Chairman	Board of Representatives, Storebrand ASA; Managing Director Federation of Norwegian Commercial and Service Enterprises
Terje Andersen	Member	Board of Representatives, Storebrand ASA; CFO, Orkla ASA
Trond Berger	Member	Board of Representatives, Storebrand ASA; CFO, Schibsted ASA
Maalfrid Braath	Member	Board of Representatives, Storebrand ASA; CEO, Manpower Norge AS
Helge Leiro Baastad	Member	Board of Representatives, Storebrand ASA; CEO, GjensidigeForsikring ASA
Morten Fon	Member	Board of Representatives, Storebrand ASA; CEO, Jotun AS
Tore Eugen Kvalheim	Member	Board of Representatives, Storebrand ASA; Leder, YS Yrkesorganisasjonens Sentralforbund
Marianne Lie	Member	Board of Representatives, Storebrand ASA;
Olaug Svarva	Member	Board of Representatives, Storebrand ASA; Managing Director of the Government Pension Fund
Pål Syversen	Member	Board of Representatives, Storebrand ASA; CEO, Møllergruppen AS
Karen Helene Ulltveit-Moe	Member	Board of Representatives, Storebrand ASA; Professor in economics at the University of Oslo
Tore Haugom	Member (employee elected)	Board of Representatives, Storebrand ASA
Rune Pedersen	Member (employee elected)	Board of Representatives, Storebrand ASA
Trond Thire	Member (employee elected)	Board of Representatives, Storebrand ASA
Annika Fallenius	Member (employee elected)	Board of Representatives, Storebrand ASA
Unn Kristin Johnsen	Member (employee elected)	Board of Representatives, Storebrand ASA
Nina Hjellup	Member (employee elected)	Board of Representatives, Storebrand ASA

There are no potential conflicts of interest between the members of the Board of Representatives' duties to the Issuer and their private interests and/or other duties.

The Business address of each member of the Board of Representatives is:

The Board of Representatives of Storebrand Livsforsikring AS
 Attn.: Chairman Terje Richard Venold
 Professor Kohtsvei 9
 N-1366 Lysaker
 Norway

4.3 The Control Committee

The Control Committee exercises supervision over the activities of the Issuer. The committee's task is to ensure that the Issuer complies with the laws, regulations, and the Articles of Association and resolutions adopted by the decision-making bodies in the company. The Control Committee may take up for consideration any issue concerning the Issuer.

The Control Committee of the Issuer currently has the following members:

Name	Function	Significant Outside Activity (where significant with respect to the Issuer)
Elisabeth Wille	Chairman	Control Committee member, Storebrand ASA; Lawyer Control Committee member, Storebrand ASA
Finn Myhre	Member	Lawyer
Harald Moen	Member	Control Committee member, Storebrand ASA; Independent adviser
Ole Klette	Member	Control Committee member, Storebrand ASA; Independent adviser
Anne Grete Steinkjer	Member	Control Committee member, Storebrand ASA;
Tone Reierselmoen	Deputy member	Control Committee member, Storebrand ASA; Norsk Hydro ASA

There are no potential conflicts of interest between the members of the Control Committee's duties to the Issuer and their private interests and/or other duties.

The business address of each member of the Control Committee is:

The Control Committee of Storebrand Livsforsikring AS
Attn.: Chairman Elisabeth Wille
Professor Kohtsvei 9
N-1366 Lysaker
Norway

4.4 Auditors

Deloitte AS are the external auditors to the Storebrand Group. Ernst & Young AS are the internal auditors.

External auditors:
Deloitte AS
Karenslystalle 20
P.O. Box 347 Skøyen
N-0213 Oslo
Norway

Deloitte AS is a member of The Norwegian Institute of Public Accountants.

Internal auditors:
Ernst & Young AS
Dronning Eufemias gate 6
P.O.Box 20, Oslo Atrium
Oslo
N0051
Norway

Ernst & Young AS is a member of The Norwegian Institute of Public Accountants.

Taxation

Norwegian Taxation

The following summary is of general nature and is included herein solely for information purposes. It is based on the laws presently in force in Norway, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Norwegian tax law, to which they may be subject. Please note that for the purpose of the summary below, a reference to a Norwegian or Non-Norwegian Noteholder refers to the tax residency and not the nationality of the Noteholder.

(i) *Non-Norwegian Noteholders*

In general, payments of principal and interest on Notes issued to Noteholders who are not resident in Norway for tax purposes (**Non-Norwegian Noteholders**) are, under present Norwegian law, not subject to Norwegian tax. Payments to Non-Norwegian Noteholders may therefore be made without any withholding tax or deduction for any Norwegian taxes, duties, assessments or governmental charges.

Furthermore, capital gains or profits realised on the sale, disposal or other redemption of such Notes by Non-Norwegian Noteholders, are not subject to Norwegian taxes or duties.

The Notes are not subject to Norwegian net wealth tax for Non-Norwegian Noteholders in Norway.

However, if a Non-Norwegian Noteholder is carrying out business activities in Norway and the Notes are effectively connected with such activities, the Noteholder will be subject to the same taxation of interest and capital gains as a Norwegian Noteholder, as described below.

No stamp duty or similar duties are currently imposed in Norway on the issuance or transfer of Notes.

(ii) *Norwegian Noteholders*

Noteholders resident in Norway for tax purposes (**Norwegian Noteholders**) will be subject to Norwegian tax on interest received in respect of the Notes at the flat rate of 28 per cent. Interest is taxed on accruals basis (i.e. regardless of when the return is actually paid). However, for taxpayers without statutory obligation to keep accounting records, overdue interest is as the main rule taxed when the interest is actually paid.

Capital gains realised by Norwegian Noteholders upon the sale, disposal or other redemption of Notes will be subject to Norwegian taxation at the rate of 28 per cent. and losses will be tax deductible. The taxable gain/deductible loss is calculated per Note and is equal to the sales price less the Norwegian Noteholders' cost price of the Note, including costs incurred in relation to the acquisition or realisation of the Note.

If the Norwegian Noteholder owns Notes acquired at different points in time, the Notes that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

The value of the Notes is included in the basis for the computation of net wealth tax imposed on Norwegian Noteholders who are individuals. Norwegian limited liability companies and certain other similar companies are not subject to Norwegian net wealth tax. Currently, the marginal net wealth tax rate is 1.1 per cent. of the value assessed. The value for assessment purposes for listed Notes is the listed value as of 1 January in the year of assessment.

No stamp duty or similar duties are currently imposed in Norway on the issuance or transfer of the Notes.

Luxembourg Taxation

The following summary is of a general nature and is included herein solely for information purposes. It 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. 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.

Withholding Tax

(i) *Non-resident holders of Notes*

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005, as amended (the **Laws**) implementing the Council Directive 2003/48/EC of 3 June 2003 on the taxation of savings income (the **EU Savings Directive**) in Luxembourg and several agreements concluded with certain dependent or associated territories (the **Territories**) mentioned below, 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.

Under the Laws, payments of interest, as defined by the Laws, made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by

the Laws, which is a resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest, as defined by the Laws, to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Laws would at present be subject to a withholding tax of 35 per cent.

(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 **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 Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is a resident of Luxembourg 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. Payments of interest under the Notes coming within the scope of the Law would be subject to withholding tax of 10 per cent.

Pursuant to the Law, Luxembourg resident individuals can opt to self-declare and pay a 10 per cent. tax on interest payments made by paying agents located in a Member State of the European Union other than Luxembourg, a Member State of the European Economic Area or in a State or territory which has concluded an agreement directly relating to the EU Savings Directive.

EU Savings Directive

On 3 June 2003, the EU Council of Economic and Finance Ministers adopted the EU Savings Directive. The EU Savings Directive is, in principle, applied by Member States as from 1 July 2005 and has been implemented in Luxembourg by the laws of 21 June 2005. Under the EU Savings Directive, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income within the meaning of the EU Savings Directive paid by a paying agent within the meaning of the EU Savings Directive, to an individual resident or certain types of entities called "residual entities", within the meaning of the EU Savings Directive (**Residual Entities**) established in that other Member State (or certain dependent or associated territories i.e., Jersey, Guernsey, Isle of Man, Montserrat, British Virgin Islands, the former Netherlands Antilles, Anguilla, the Turks and Caicos Islands, the Cayman Islands and Aruba). For a transitional period, however, Austria and Luxembourg are permitted to apply an optional information reporting system whereby if a beneficial owner, within the meaning of the EU Savings Directive, does not comply with one of two procedures for information reporting, the relevant Member State will levy a withholding tax on payments to such beneficial owner. The withholding tax system applies for a transitional period during which the rate of the withholding is 35 per cent. as from 1 July 2011. The transitional period is to terminate at the end of first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

Also with effect from 1 July 2005, a number of non-EU countries (Switzerland, Andorra, Liechtenstein, Monaco and San Marino) and certain dependent or associated territories (i.e., Jersey, Guernsey, Isle of Man, Montserrat, British Virgin Islands, the former Netherlands Antilles, Anguilla, the Turks and Caicos Islands, the Cayman Islands and Aruba) have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent (within the meaning of the EU Savings Directive) within its jurisdiction to, or collected by such a paying agent for, an individual resident or a Residual Entity established in a Member State. In addition, Luxembourg has entered into reciprocal provision of information or transitional withholding arrangements with those dependent or associated territories (Jersey, Guernsey, Isle of Man, Montserrat, British Virgin Islands, the former Netherlands Antilles, Anguilla, Turks and Caicos, the Cayman Islands and Aruba) in relation to payments made by a paying agent (within the meaning of the EU Savings Directive) in Luxembourg to, or collected by such a paying agent for, an individual resident or a Residual Entity established in one of those territories.

The European Commission has proposed certain amendments to the Directive, which may, if implemented amend or broaden the scope of the requirements described above.

Subscription and Sale

Citigroup Global Markets Limited, J.P. Morgan Securities plc and Nordea Bank Danmark A/S (together the **Joint Lead Managers** or the **Managers**) have, pursuant to a Subscription Agreement (the **Subscription Agreement**) dated 2 April 2013, jointly and severally agreed to subscribe or procure subscribers for the Notes at the issue price of 100.00 of the principal amount of Notes, less a combined selling concession and management and underwriting commission. The Issuer will also reimburse the Managers in respect of certain of their expenses, and has agreed to indemnify the Managers against certain liabilities, incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment of the Issuer.

United States

The Notes have not been and will not be registered under the Securities Act 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.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the Closing Date within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent 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.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

Each Manager has represented, warranted and undertaken and agreed that, except as permitted by the Subscription Agreement:

- (a) 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 Financial Services and Markets Act 2000) received by it in connection with the issue of the Notes in circumstances in which Section 21(1) of the Financial Services and Markets Act 2000 does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Kingdom of Norway

This Prospectus has not been approved or disapproved by, or registered with, The Oslo Stock Exchange, The Norwegian FSA or the Norwegian Registry of Business Enterprises. Accordingly, the Notes have not been and will not be offered or sold to the public in Norway, and no offering or marketing materials relating to the Notes may be made public available or distributed in any way that would constitute, directly or indirectly, an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

In no circumstances may an offer of Notes be made in the Norwegian market without the Notes being registered in the Norwegian Central Securities Depository (the **VPS**) in dematerialised form, to the extent such Notes shall be registered according to the Norwegian Securities Registry Act (Norwegian: Verdipapirregisterloven, 2002) and its regulations.

This Prospectus is for the recipient only and may not in any way be forwarded to any other person or to the public in Norway.

General

Persons into whose hands this Prospectus comes are required by the Issuer and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or have in their possession, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

General Information

Authorisation

1. The issue of the Notes was duly authorised by a resolution of the Board of Directors of the Issuer dated 3 December 2012.

Listing and Admission to Trading

2. Application has been made to the Luxembourg Stock Exchange for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and for the Notes to be admitted to trading on the Luxembourg Stock Exchange's regulated market.

The total expenses related to the admission to trading of the Notes will be approximately €11,925.

Clearing Systems

3. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The ISIN for this issue is XS0909773268 and the Common Code is 090977326.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

No significant change and no material adverse change

4. There has been no significant change in the financial or trading position of the Issuer or the Storebrand Life Group since 31 December 2012 and there has been no material adverse change in the financial position or prospects of the Issuer or the Storebrand Life Group since 31 December 2012.

Litigation

5. Save as disclosed in the section "Litigation and Arbitration Proceedings" on page 49, neither the Issuer nor any other member of the Storebrand Life Group is or has been involved in 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 or the Storebrand Life Group.

Accounts

6. The external auditors of the Issuer are Deloitte AS, who have audited the Issuer's accounts, without qualification, in accordance with international auditing standards for each of the financial years ended on 31 December 2011 and 31 December 2012.

Deloitte AS are members of The Norwegian Institute of Public Accountants (*DnR*). The Norwegian Institute of Public Accountants (*DnR*) is the professional body for registered public accountants (*registrert revisor*) and state authorised public accountants (*statsautorisert revisor*) in Norway.

Deloitte AS has no material interest in the Issuer.

Documents

7. Copies of the following documents will be available from the registered office of the Issuer and from the specified office of the Paying Agents for the time being in London and Luxembourg so long as any of the Notes remains outstanding:
 - (a) the memorandum and articles of association (with an English translation thereof) of the Issuer;
 - (b) the audited consolidated and non-consolidated financial statements of the Issuer in respect of the financial years ended 31 December 2011 and 31 December 2012 (with an English translation thereof), in each case together with the audit reports prepared in connection therewith;
 - (c) the most recently published audited annual financial statements of the Issuer and the most recently published interim financial statements (if any) of the Issuer (in each case with an English translation thereof), in each case together with any audit or review reports prepared in connection therewith; and
 - (d) the Subscription Agreement, the Trust Deed, and the Agency Agreement.

Reliance by Trustee

8. The Trust Deed provides that any certificate or report of the auditors of the Issuer or any other expert called for by or provided to the Trustee (whether or not addressed to the Trustee) in accordance with or for the purposes of the Trust Deed may be relied upon by the Trustee as sufficient evidence of the facts stated therein, whether or not any such certificate or report or any engagement letter or other document entered into by the Trustee and/or such auditors and/or expert in connection therewith contains any limit on liability (monetary or otherwise) of such auditors and/or expert.

Yield

9. If the Issuer were to pay interest on each Interest Payment Date up to and including the Reset Date and were to redeem the Notes on the Reset Date, the above pricing gives a yield of 6.875 per cent. per annum. The yield is calculated as of the date of this Prospectus and may fluctuate in the future. It is not an indication of future yield.

THE ISSUER

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Professor Kohts vei 9
PO Box 500
1327 Lysaker
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THE TRUSTEE

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United Kingdom

PRINCIPAL PAYING AGENT AND AGENT BANK

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Canary Wharf
London E14 5LB
United Kingdom

LISTING AND PAYING AGENT

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LEGAL ADVISERS

To the Issuer

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