

The Swedish National Debt Office sells Carnegie and Max Matthiessen

The Swedish National Debt Office has entered into agreements to sell the shares in Carnegie Investment Bank AB (“Carnegie”) and Max Matthiessen Holding AB (“Max Matthiessen”) to Altor Fund III (“Altor”) and Bure Equity AB (“Bure”). The total value of the transactions amounts to SEK 2,275 million, including amortisation of the Swedish National Debt Office’s loan to Carnegie. In addition, the Swedish National Debt Office will share in the future repayments of certain loans given by Carnegie.

The purchase price for Carnegie is SEK 1,402 million, of which SEK 525 million is to be paid with interest on 30 April 2010. In addition, the Swedish National Debt Office has the right, according to the agreement with Altor and Bure, to share in potential future repayments of certain credits. The Swedish National Debt Office is guaranteed an additional payment of SEK 250 million through this mechanism.

The purchase price for Max Matthiessen is SEK 500 million, adjusted for potential dividends to the Swedish National Debt Office, of which SEK 150 million is to be paid with interest on 30 April 2010.

The Swedish National Debt Office assesses that the total proceeds from the sale of Carnegie and Max Matthiessen will over time fully cover the support loan provided to Carnegie in November 2008 as well as costs that the Swedish National Debt Office has incurred. In the event that the Swedish National Debt Office is not reimbursed it will be compensated by Altor and Bure should Carnegie be sold at a profit within 15 years.

- This is a good outcome for the Swedish State, the companies involved and the buyers, says Bo Lundgren, Director General of the Swedish National Debt Office. It will secure the companies’ operations and it is likely to hold the taxpayers harmless. The alternative – not to have acted – would have led to liquidation and a likely bankruptcy with significant costs to society and taxpayers. We believe that Altor and Bure are good new owners of the companies.

The purchase of Carnegie is conditional upon Altor and Bure obtaining all necessary regulatory approvals, including approvals from the financial supervisory authorities in relevant countries. The purchase of Max Matthiessen is subject to the completion of the purchase of Carnegie.

The transactions are expected to be completed within three months.

Background

On 10 November 2008, the Swedish National Debt Office took over the shares posted as collateral for the support loan, which the Swedish National Debt Office, following a decision by the government, had extended to Carnegie. The support loan replaced the previous loan extended by the Riksbank to Carnegie when it suffered liquidity

problems. The loan of SEK 2.4 billion was converted into equity at the time of the enforcement of the pledges, except for SEK 123 million, which has now been amortised by Carnegie.

The objective was to secure financial stability. The decision to enforce the pledges was taken in order to minimise the costs to the Swedish State. Carnegie had at the time of the enforcement of the pledges lost its bank and securities market licenses. When the Swedish National Debt Office took over the shares, the Swedish Financial Supervisory Authority decided to return the licenses to the bank. If the Swedish National Debt Office had not taken over the shares, the bank's operations would have had to be wound up, which would have led to a rapid decrease in value and losses for taxpayers.

The objective of the Swedish National Debt Office was to step in as a responsible owner of Carnegie and Max Matthiessen, but without the intention of remaining a long-term owner. The Swedish National Debt Office's aim was to sell both companies on commercial terms to financially stable buyers approved by the Swedish Financial Supervisory Authority.

Facts about the sale process

The sale process was structured as two separate auctions where potential buyers were invited to submit their offers for the companies.

More than 20 potential buyers for Carnegie and more than 30 potential buyers for Max Matthiessen, both national and international, were contacted as a first step. A number of potential buyers submitted indicative offers in each process. Those potential buyers who had submitted attractive offers were offered the opportunity to conduct due diligence, which is a comprehensive investigation of the commercial, financial and legal conditions of the companies. Following this, the potential buyers were asked to submit their binding offers.

The Swedish National Debt Office then entered into negotiations with a selected number of potential buyers in each process. Sale and purchase agreements were signed with the potential buyers who had submitted the offers that represented the best overall solution for taxpayers.

The sale processes were conducted by the investment bank Lazard and the law firm Mannheimer Swartling, appointed by the Swedish National Debt Office.

The Swedish National Debt Office will hold a press conference with, among others, Director General Bo Lundgren at 10.00 am at Carnegie's offices on Västra Trädgårdsgatan 15. The press conference is open to journalists only.

Questions will be answered by:

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