

OREXO AB (PUBL)

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

**SENIOR UNSECURED CALLABLE FLOATING RATE BONDS
2014/2018**

4 June 2014

Important information

This prospectus (the “**Prospectus**”) has been prepared by Orexo AB (publ) (the “**Company**”), registration number 556500-0600, in relation to the application for listing of the Company’s maximum SEK 1,000,000,000 senior unsecured callable floating rate bonds 2014/2018 with ISIN SE0005932159, of which SEK 500,000,000 was issued on 9 May 2014 (the “**Bonds**”) (the “**Issue Date**”) in accordance with the terms and conditions for the Bonds (the “**Terms and Conditions**”) (the “**Bond Issue**”), on the Corporate Bond List at NASDAQ OMX Stockholm AB (“**NASDAQ OMX Stockholm**”). References to the Company, Orexo or the Group refer in this Prospectus to Orexo AB (publ) and its subsidiaries, unless otherwise indicated by the context.

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

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

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

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

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

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

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

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

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Risk factors

Investing in the Bonds involves inherent risks. The financial performance of the Group and the risks associated with its business are important when making a decision on whether to invest in the Bonds. In this section, a number of risk factors are illustrated, both general risks pertaining to the Group's business operations and risks relating to the Bonds as financial instruments. If any of these risks or uncertainties actually occurs, the business, operating results and financial position of the Group could be materially and adversely affected, which ultimately could affect the Company's ability to fulfil its obligations under the Terms and Conditions, including to make payments of interest and repayments of principal. The risk factors described below are not the only ones the Issuer is exposed to and they are not ranked in order of importance. Potential investors should carefully consider the information contained in this Prospectus, including the risk factors below, and make an independent evaluation before making an investment decision in the Bonds.

Risks associated with Orexo and its operations

Orexo's dependency on the sale of Zubsolv[®]

In 2013, Orexo obtained regulatory approval of Zubsolv in the US, whereafter Zubsolv was launched on the US market. The commercialization and marketing of Zubsolv on the US market is managed through a newly established subsidiary, Orexo US Inc. For Zubsolv to be successful in the US, it is of outmost importance that the product has access to patients and reimbursement to the same extent as competitors. This is normally not the case for a newly launched product and it takes time to achieve parity with competition as the US payer structure and reimbursement system is very large and complex.

Although the initial market penetration was successful, there is a risk that future sales of Zubsolv on the US market, or any other market, will not meet the anticipated sales targets. Any material deviation from the anticipated sales targets, whether due to reduced demand, increased competition, a deterioration in Orexo's and its partners capacity to provide or manufacture the necessary quantities of pharmaceutical ingredient or to successfully market the product, could have a material negative effect on Orexo's business, results and financial position.

Orexo is a specialty pharmaceutical company with commercialized products and a portfolio of products in development phase

Certain of Orexo's products have yet to generate substantial revenues, or any revenues at all, and will perhaps never do so. Orexo's investments in product development are subject to the risk of failure that accompanies all drug development. This includes the risk that one or all of Orexo's commercialized products or product candidates proves ineffective, dangerous, toxic or in any other manner proves unable to meet applicable requirements from regulatory bodies, or receive the requisite approvals or permits from regulatory bodies, or prove difficult to develop as a commercially viable product.

Market reception of Orexo's products could be negative, which could hinder Orexo from becoming profitable

Hospitals, physicians and patients may conclude that Orexo's products are less safe and effective or otherwise less attractive than other therapies or procedures. There is a risk that hospitals,

physicians, patients or the medical community in general will not accept and use any of Orexo's products.

Since Orexo has a history of losses and its future profitability is uncertain, investments in Orexo carries risk

Orexo has experienced significant operating losses from the inception of its business operations in 1995. For the fiscal year 2013, Orexo recorded a loss of approximately MSEK 155. A proportion of Orexo's expenses are fixed, including expenses related to facilities, equipment and personnel. There is a risk that Orexo will not have sufficient revenues or positive cash flow to sustain its operations.

Orexo expects that future revenues generated by the products already commercialized as well as from the licensing of new product candidates, may fluctuate substantially.

If Orexo's clinical trials are not successful, Orexo may not be able to successfully develop and license or commercialize its potential product candidates

To obtain regulatory approvals for the commercial sale of the Company's product candidates, Orexo and its collaborating partners will be required to complete human clinical trials to demonstrate the safety and efficacy. Orexo and its collaborating partners may not obtain permits from regulatory bodies to commence or complete such clinical trials. Even if permitted, such clinical trials may not prove that Orexo's product candidates are sufficiently safe and effective to the extent necessary to permit Orexo and its collaborating partners to obtain marketing approvals for its product candidates from regulatory bodies. Moreover, positive results demonstrated in formulation development studies and clinical trials that Orexo and its collaborating partners conduct may not be representative of results obtained in future clinical trials. Furthermore, Orexo, its collaborating partners, institutional review boards, or regulatory bodies may suspend clinical trials at any time if it is believed that the subjects or patients participating in such trials are being exposed to unacceptable health risks. Adverse or inconclusive clinical trial results concerning any of Orexo's product candidates may require Orexo and its collaborating partners to conduct additional clinical trials, which could result in increased costs, significantly delay filing for approval with regulatory bodies, result in a filing for a narrower indication, or cause Orexo and its collaboration partners to abandon the commercialization of the product candidate.

Parallel imports

It cannot be ruled out that differences in pharmaceutical prices in the markets where Orexo or its partners operate could lead to an increase in parallel imports, which means that Orexo's products could be purchased less expensively in certain markets and then compete with the Company's sales in other markets. Parallel imports could have a negative impact on Orexo's business, results and financial position.

Orexo's success is dependent on key personnel

Orexo is highly dependent on certain key personnel, both in-house and certain personnel employed by the Company's partners. The loss of any of the Company's or, as applicable, any partner's key employees could delay or obstruct Orexo's sales of existing products and affect its research programs. To a large extent, Orexo's operations will be dependent on the Company's ability to attract and retain highly qualified scientific and management personnel, as well as personnel with expertise in clinical trials and governmental regulation. Orexo faces competition for personnel

from other companies, universities, public and private research institutions, government entities and other organizations. If Orexo is unsuccessful in its recruitment and retention efforts, the Company's business will be harmed.

Orexo continuously evaluates acquisition and integration opportunities

Orexo continuously evaluates opportunities to acquire products and businesses as part of its day-to-day business activities. A successful acquisition and integration process creates value. However, the acquisition and integration of new business units always entails risks and opportunities. These could be that costs related to an acquisition become higher or lower than expected or future results and synergy effects not corresponding with expectations.

Orexo's competitors have greater financial resources and may develop new technologies or products that are more effective, cheaper or appear to be more cost-effective than Orexo's products

Many potential competitors of Orexo have greater financial resources and wider expertise in research and development, clinical trials, obtaining regulatory approval and marketing than Orexo.

Orexo competes with many companies and institutions, including pharmaceutical companies, biotechnology companies, academic institutions and research organizations in marketing and developing drugs. Competitors may develop more effective, more affordable or more practical products or may achieve earlier patent protection or commercialization of their products than Orexo. These competing products may render Orexo's products obsolete or limit the ability of Orexo to generate revenue.

Technology controlled by third parties that may be advantageous to Orexo's operations may be acquired or licensed by Orexo's competitors, thereby preventing Orexo from obtaining that technology on commercially reasonable terms, or at all. If Orexo is unable to successfully compete with existing and potential competitors it will cause substantial harm to the Company's business.

Orexo may be exposed to product liability claims and may not be able to obtain or maintain adequate product liability insurance

The business of Orexo exposes the Company to the risk of product liability claims that is inherent in the manufacturing, testing, and marketing of pharmaceuticals. Orexo may not be able to obtain or maintain insurance on acceptable terms, or at all. Moreover, any insurance that Orexo does obtain may not provide adequate protection against potential liabilities.

Orexo's operations are concentrated to a handful of facilities

A fire, explosion, flood or other disaster resulting in significant damage to any of the facilities in which the Company pursues its operations could significantly disrupt or curtail Orexo's operations and could have a material adverse effect on Orexo's business, financial condition and results of operations.

Orexo may require substantial additional funds to reach profitability and, if additional capital is not available, Orexo may need to limit or cease its operations

Orexo has used and will continue to require substantial funds to conduct commercialization, research and development and clinical trials of the Company's potential products. Orexo may be required to seek additional external funding in the future to continue operations. However,

additional financing may not be available to Orexo on acceptable terms, or at all. If Orexo is unable to obtain funding on a timely basis, the Company may be required to significantly curtail one or more of its current activities.

Orexo is exposed to currency risks in export/import transactions

Orexo's accounting is prepared in SEK and the Company has its main operations in Sweden. However, the Company sells its products in countries other than Sweden and receives license fees in currencies other than SEK. Assets, liabilities, income and expenses in foreign currencies give rise to currency exposure. A weakening of the SEK against other currencies increases Orexo's reported assets, liabilities, income and expenses, while a strengthening of the SEK against other currencies reduces these items. Previously, currency fluctuations have not had any significant impact on Orexo's reported assets, results or comparability of Orexo's results between various time periods, but could have an impact in the future. The Company may use currency hedging instruments to eliminate or minimize currency risks that arise in the Company. However, any such measures may not always prove to be efficient.

Orexo is exposed to interest-rate risks

The primary goal of Orexo's management of interest-rate risk is to reduce the negative impact of movements in interest rates. It is however possible that the Company's management of interest-rate risk will not deliver the desired results, and fluctuations in market interest rates may therefore negatively impact Orexo's results and financial position.

Orexo is exposed to credit and counterparty risks

Credit and counterparty risks refer to the risk of counterparties being unable to meet their obligations to repay a debt or make interest payments on such a debt. Orexo performs ongoing assessments of its credit risks and any counterparties' credit ratings, but the Company's assessments in these considerations may not always be correct. In cases where a counterparty is unable to meet its obligations to Orexo this may negatively impact the Company's results and financial position.

Orexo may risk losing the entitlement to utilize its loss carry-forwards

Orexo has significant accumulated loss carry-forwards. Ownership changes that mean that the controlling influence over the Company changes may result in limitations (fully or in part) in the entitlement to utilize such loss carry-forwards in the future. The opportunity of utilizing the loss carry-forward in the future may even be impacted by changes in legislation.

Incentive programs

Orexo has introduced a number of share-based incentive programs in the form of employee stock options and warrants with the aim of motivating and rewarding key employees through partial ownership, thereby promoting the Company's long-term interests. There is, however, a risk that such incentives will not be achieved through Orexo's incentive programs, which may result in the Company's employees performing less efficiently than expected. Further, share-based incentive programs always entail an inherent risk from a tax perspective since the Company's assessments of applicable tax laws and regulations could be inaccurate, which may lead to a future increased tax burden and/or fines.

Orexo depends on, and is expected to continue to depend on, collaborating partners to manufacture, market, sell, develop, conduct clinical trials with and obtain regulatory approvals for Orexo's products. These collaborations may not be successful

Orexo relies on third parties to market and sell products, conduct clinical trials of Orexo's product candidates and develop certain products that utilize Orexo's technology. If these third parties do not carry out their contractual obligations or meet expected deadlines, if the third parties need to be replaced, or if the quality or accuracy of the work performed is inadequate, planned marketing activities and clinical trials may be extended, delayed or terminated. This would have a negative impact on the Company's business and its ability to commercialize or license its products. Expected revenues from commercialized products are also dependent on sales and marketing performed by external companies.

If Orexo is unable to enter into additional collaboration agreements, Orexo may not be able to commercialize its products or continue development of the Company's product candidates

If Orexo is not successful in its efforts to enter into a collaboration arrangement with respect to the on-going commercialization of its products or development of a product candidate, it may not have sufficient funds to carry out such activities alone. The revenues may then be significantly lower than anticipated, which would adversely affect Orexo's business.

Orexo has limited distribution infrastructure and limited sales and marketing power and must rely significantly on third parties, which may not be successful in the commercialization of Orexo's products

Orexo has limited sales and marketing power and limited distribution infrastructure. Orexo relies to a great extent on sales, marketing and distribution agreements with third parties. Orexo may have limited or no control over the sales, marketing and distribution activities of these third parties. If Orexo decides to establish its own sales organization for any of the Company's products on additional markets, the company's costs may increase significantly in the short term.

Orexo does not have any large-scale manufacturing capacity and must rely on third parties to manufacture the Company's products or incur significant costs to develop such capacity

Orexo does not have the capacity to handle large-scale manufacturing in-house and does not currently intend to develop any such manufacturing capacity. Only a limited number of manufacturers can supply certain pharmaceuticals. In addition, the manufacturing process for Orexo's products is highly regulated and Orexo will need to contract with manufacturers that can meet the relevant regulatory bodies' requirements on an ongoing basis. Orexo may experience difficulties in obtaining adequate manufacturing capacity for its needs. If Orexo is unable to obtain or maintain contract manufacturing of its products, or to do so on commercially reasonable terms, Orexo may not be able to successfully benefit financially from its products.

Orexo's facilities and processes, and those of Orexo's collaborating partners, are subject to regulatory approvals, which may delay or disrupt Orexo's operations

Orexo and its collaborating partners are subject to continuing to meet regulatory obligations such as safety reporting requirements and additional requirements following receipt of further marketing approvals. In addition, Orexo or its third-party manufacturers are required to comply with regulations setting forth current good manufacturing practices. If Orexo fails to comply with applicable regulatory requirements, Orexo may be subject to fines, suspension or withdrawal of

regulatory approvals, product recalls, seizure of products, operating restrictions and prosecution, which could adversely affect the business and financial position of Orexo.

The manufacture and storage of pharmaceutical and biological products are subject to environmental regulation and risk

Because of the chemical ingredients of pharmaceutical products and the nature of their manufacturing process, the pharmaceutical industry is subject to stringent environmental regulations and to the risk of incurring liability for damages or costs of remedying, decontaminating or checking environmental problems. There is a risk that Orexo will not be able to obtain the operating licenses necessary to conduct the Company's business in the future. If Orexo fails to comply with environmental regulations relating to the proper use, discharge or disposal of hazardous materials or otherwise fails to comply with conditions attached to operating permits, such permits could be revoked and Orexo could be subject to criminal sanctions and substantial liability and costs or could be required to suspend or modify its operations.

Healthcare system reforms may negatively impact Orexo's operations and profitability

Changes in the reimbursement and payment systems for pharmaceutical products may impact Orexo's ability to operate profitably. The risk of such proposals resulting in changes affects or will affect Orexo's ability to raise capital, find additional collaboration partners and market the Company's products. Orexo's earnings may be negatively impacted by future healthcare reforms.

The success of Orexo depends upon the eligibility of its products for reimbursement through private and government sponsored healthcare payment systems. A development that eliminates or reduces reimbursement rates for Orexo's products in any of Orexo's existing or potential markets, could have an adverse effect on the ability of Orexo to sell its products or cause the Company's customers in these markets to use less expensive products.

If Orexo is unable to obtain and enforce patent protection for its commercialized products, technologies and product candidates, the Company's ability to market, develop and license its products will be harmed and Orexo may not be able to operate its business profitably

The success of Orexo is dependent on Orexo's ability to protect methods and technologies that the Company develops under the patent and other intellectual property laws of various countries, so that Orexo can prevent others from using the Company's inventions and protected information. Since certain patent applications are confidential until patents are issued, third parties may have filed patent applications for technology covered by Orexo's pending patent applications without Orexo being aware of such applications. In this connection, it may thus prove that Orexo's patent applications may not have priority over the patent applications of others. Despite Orexo's efforts to protect its rights, unauthorized parties may be able to obtain and use information that Orexo regards as proprietary. The mere issuance of a patent does not guarantee that it is valid or enforceable against third parties. Pending patent applications may not result in issued patents. The patent position of pharmaceutical or biotechnology companies, including Orexo, is generally uncertain and comprises complex factual and legal assessments. The rules applied by patent offices in various countries for the granting of patents are not always applied predictably or uniformly and may be subject to change.

If Orexo becomes involved in litigation or other proceedings to enforce its patent rights or to defend itself against claims relating to infringement by Orexo of third-party intellectual property

rights, Orexo could incur substantial costs and expenses, or substantial liability for damages, or be required to stop its product development and commercialization efforts for one or several of its products

A third party may sue Orexo for infringing on its patent. Likewise, Orexo may need to resort to litigation to enforce a patent issued to Orexo or to determine the scope and validity of third-party proprietary rights. The costs for Orexo of any litigation or other proceeding relating to intellectual property rights, even if resolved in Orexo's favor, could be substantial, and the litigation could also divert the efforts of Orexo's management. Some of Orexo's competitors may be able to sustain the costs of complex patent litigation more effectively than Orexo because they have substantially greater resources. Uncertainties resulting from the initiation and continuation of any litigation could limit Orexo's ability to continue its operations. If any party should claim that Orexo's inventions or use of technologies infringes upon such party's intellectual property rights, Orexo might be forced to pay damages and cease with the alleged infringing activity. Orexo or its collaboration partners may be forced to obtain a license in order to continue to manufacture or market the affected products and processes. Such license required under a third-party patent may not be made available on commercially acceptable terms, if at all. In addition, some licenses may be non-exclusive, and therefore, Orexo's competitors may have access to the same technology as that licensed to Orexo.

If Orexo is unable to protect the confidentiality of its trade secrets and know-how, the value of the Company's commercialized products, technologies and product candidates will be adversely affected

Orexo relies upon unpatented trade secrets, know-how and continuing technological innovation to develop and maintain its competitive position. Orexo's failure to protect its trade secrets, know-how and technologies may undermine its competitive position and adversely affect the value of Orexo's commercialized products, technologies and product candidates.

Risks relating to the Bonds

Credit risks

An investment in the Bonds carries a credit risk relating to the Company and the Group. The investor's ability to receive payment under the Terms and Conditions is therefore dependent upon the Company's ability to meet its payment obligations, which in turn is largely dependent upon the performance of the Group's operations and its financial position.

An increased credit risk may cause the market to charge the Bonds a higher risk premium, which would affect the Bonds' value negatively.

Refinancing risk

The Company may be required to refinance certain or all of its outstanding debt, including the Bonds. The Company's ability to successfully refinance its debt obligations is dependent upon the conditions of the capital markets and the Company's financial position at the time of the refinancing. Even if the markets and the Group's financial position are stable, the Company's access to financing sources may not be available on acceptable terms, or at all. The Company's inability to refinance its debt obligations on acceptable terms, or at all, could have a material adverse effect on the Group's business, financial position and results of operations and on the bondholders' recovery under the Bonds.

Interest rate risks

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

Liquidity risks

The Company has undertaken to procure that the Bonds are listed on the corporate bond list of NASDAQ OMX Stockholm or, if such admission to trading is not possible to obtain, admitted to trading on another regulated market, within 60 days after the issue date of the Bonds (although the Company's intention is that the Bonds shall be so listed within 30 days after the issue date). This Prospectus has been prepared in relation to such listing. However, there is a risk that the Bonds will not be admitted to trading. Further, even if securities, including the Bonds, are admitted to trading on a regulated market, there is not always active trading in the securities. Consequently, there is a risk that there will not be a liquid market for trading in the Bonds and, even if the Bonds are listed, that such market will be maintained. This may result in that the bondholders cannot sell their Bonds when desired or at a price level which allows for a profit comparable to similar investments with an active and functioning secondary market. Lack of liquidity in the market may have a negative impact on the market value of the Bonds. Furthermore, the nominal value of the Bonds may not be indicative compared to the market price of the Bonds if they are admitted for trading on NASDAQ OMX Stockholm or another regulated market.

It should also be noted that during a given time period it may be difficult or impossible to sell the Bonds (at all or at reasonable terms) due to, for example, severe price fluctuations, close down of the relevant market or trade restrictions imposed on the market.

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The market price of the Bonds may be volatile

The market price of the Bonds could be subject to significant fluctuations in response to actual or anticipated variations in the Group's operating results and those of its competitors, adverse business developments, changes to the regulatory environment in which the Group operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Bonds, as well as other factors. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations, which, if repeated in the future, could adversely affect the market price of the Bonds without regard to the Group's operating results, financial position or prospects.

Dependence on other companies in the Group

A significant part of the Group's assets and revenues relate to the Company's subsidiaries. Accordingly, the Company is dependent upon receipt of sufficient income related to the operation of and the ownership in the other entities within the Group to enable it to make payments under the Bonds. The Group's operating companies are legally separate and distinct from the Company and have no obligation to pay amounts due with respect to the Company's obligations and commitments, including the Bonds, or to make funds available for such payments. The ability of the Group's operating companies to make such payments to the Company is subject to, among other things, the availability of funds.

Insolvency of subsidiaries

In the event of insolvency, liquidation or a similar event relating to one of the Company's subsidiaries, all creditors of such subsidiary would be entitled to payment in full out of the assets of such subsidiary before the Company, as a shareholder, would be entitled to any payments. Defaults by, or the insolvency of, certain subsidiaries of the Company may, if applicable, result in the obligation of the Company to make payments under parent company financial or performance guarantees in respect of such subsidiaries' obligations or the occurrence of cross defaults on certain borrowings of the Group.

Risks related to early redemption and put options

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

The Bonds are subject to prepayment at the option of each bondholder (put options) upon a Change of Control Event (as defined in the Terms and Conditions). There is, however, a risk that the Company will not have sufficient funds at the time of such prepayment to make the required prepayment of the Bonds.

No action against the Company and bondholders' representation

The agent will represent all bondholders in all matters relating to the Bonds and the bondholders are prevented from taking actions on their own against the Company. Consequently, individual bondholders do not have the right to take legal actions to declare any default by claiming any payment from or enforcing any security granted by the Company and may therefore lack effective remedies unless and until a requisite majority of the bondholders agree to take such action. However, the possibility that a bondholder, in certain situations, could bring its own action against the Company (in breach of the Terms and Conditions) cannot be ruled out, which could negatively impact an acceleration of the Bonds or other action against the Company. To enable the agent to represent bondholders in court, the bondholders may have to submit a written power of attorney for legal proceedings. The failure of all bondholders to submit such a power of attorney could negatively affect the legal proceedings.

The agent will in some cases have the right to make decisions and take measures that bind all bondholders. Consequently, the actions of the agent in such matters could impact a bondholder's rights under the Terms and Conditions in a manner that would be undesirable for some of the bondholders.

Bondholders' meetings

The Terms and Conditions include certain provisions regarding bondholders' meeting. Such meetings may be held in order to resolve on matters relating to the bondholders' interests. The Terms and Conditions allow for stated majorities to bind all bondholders, including bondholders who have not taken part in the meeting and those who have voted differently to the required majority at a duly convened and conducted bondholders' meeting. Consequently, the actions of the

majority in such matters could impact a bondholder's rights in a manner that would be undesirable for some of the bondholders.

Restrictions on the transferability of the Bonds

The Bonds have not been and will not be registered under the Securities Act, or any U.S. state securities laws. Subject to certain exemptions, a bondholder may not offer or sell the Bonds in the United States. The Company has not undertaken to register the Bonds under the Securities Act or any U.S. state securities laws or to effect any exchange offer for the Bonds in the future. Furthermore, the Company has not registered the Bonds under any other country's securities laws. Each potential investor should read the information in the Terms and Conditions and this Prospectus for further information about the transfer restrictions that apply to the Bonds. It is each bondholder's obligation to ensure that its offers and sales of Bonds comply with all applicable securities laws.

Risks relating to the clearing and settlement in Euroclear's book-entry system

The Bonds are affiliated to Euroclear's account-based system, and no physical notes have been issued. Clearing and settlement relating to the Bonds will be carried out within Euroclear's book-entry system as well as payment of interest and repayment of the principal. Investors are therefore dependent upon the functionality of Euroclear's account-based system.

Amended or new legislation

The Terms and Conditions are based on Swedish law in force at the issue date of the Bonds. Possible future legislative measures or changes or modifications to administrative practices may have a negative impact on the Bonds or the bondholders. Accordingly, amended or new legislation and administrative practices may adversely affect the investor's ability to receive payment under the Terms and Conditions.

Responsible for the information in the Prospectus

The Company issued the Bonds on 9 May 2014. This Prospectus has been prepared in relation to the Company applying for admission to trading of the Bonds on NASDAQ OMX Stockholm, in accordance with the Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council and the rules and regulations in Chapter 2 of the Swedish Financial Instruments Trading Act, each as amended.

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

The board of directors is responsible for the information given in this Prospectus only under the conditions and to the extent set forth in Swedish law. The board of directors confirms that, having taken all reasonable care to ensure that such is the case, the information in this Prospectus is, to the

best of the board of directors' knowledge, in accordance with the facts and contains no omissions likely to affect its import.

Uppsala on 4 June 2014

OREXO AB (PUBL)

The board of directors

The Bonds in brief

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

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

The Bonds are debt instruments (Sw. *skuldförbindelser*), intended for public market trading, which confirm that each Holder has a claim against the Company. The Company resolved to issue the Bonds on 30 April 2014 pursuant to an authorization by the Company’s board of directors from 15 April 2014. The purpose of the Bond Issue was to raise funds to be used towards general corporate purposes of the Group. The Issue Date for the Bonds was 9 May 2014. The Bonds will mature on 9 May 2018.

The aggregate nominal amount of the Bonds is maximum SEK 1,000,000,000 represented by Bonds denominated in SEK with ISIN SE0005932159, each with a Nominal Amount of SEK 1,000,000. The Bonds were issued at a price equal to 100 per cent of the Nominal Amount. As of the date of this Prospectus, SEK 500,000,000 of the bond loan has been issued.

The Bonds have been issued in accordance with Swedish law and are connected to the account-based system of Euroclear. This means that the Bonds are registered on behalf of the Holders on a securities account (Sw. *VP-konto*). No physical notes have been or will be issued. Payment of principal, interest and, if applicable, withholding of preliminary tax will be made through Euroclear’s book-entry system. The Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and shall at all times rank *pari passu* with all direct, unconditional, unsubordinated and unsecured obligations of the Company, except those obligations which are mandatorily preferred by law, and without any preference among them.

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

The Company may choose to redeem all, but not only some, of the Bonds on any Business Day at a redemption price equal to the Make Whole Amount or the relevant Call Option Amount, in both cases together with accrued and unpaid interest (see further section 11 “*Redemption and repurchase of the Bonds*” of the Terms and Conditions).

Upon a Change of Control Event, each Holder has a right of pre-payment (put option) of its Bonds at a price of 101 per cent of the Nominal Amount together with accrued interest (see further section 11.4 “*Mandatory repurchase due to a Change of Control Event (put option)*” of the Terms and Conditions).

Payment of the Nominal Amount and/or interest will be made to the person who is a Holder on the Record Date immediately preceding the relevant payment date. Payments shall be made in SEK.

The right to receive payment of the Nominal Amount is time-barred and becomes void ten years from the relevant Redemption Date, unless the limitation period is duly interrupted.

The Bonds bear interest from, but excluding, the Issue Date up to, and including, the Relevant Redemption Date at floating rate of STIBOR (3 months) + 4.00 per cent. The interest is paid quarterly in arrears on each Interest Payment Date and is calculated on a 360-day year comprised of twelve months of 30 days each and, in case of an incomplete month, the actual number of days elapsed (actual/360-days basis). The Interest Payment Dates are 9 February, 9 May, 9 August and 9 November each year (with the first Interest Payment Date on 9 August 2014 and the last Interest Payment Date being the Final Redemption Date). The right to receive payment of interest is time-barred and becomes void three years from the relevant due date for payment.

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

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

An agreement was entered into between the Agent and the Company on or about the Issue Date regarding, *inter alia*, the remuneration payable to the Agent.

If the Bonds have been duly declared due and payable due to an Event of Default, the available funds shall firstly be applied towards payment of all costs and expenses incurred by and any remuneration payable to the Agent, under the Terms and Conditions and the Agent Agreement, secondly in or towards payment of accrued but unpaid interest owed by the Company to the Holders under the Terms and Conditions, thirdly in or towards payment of any unpaid principal owed by the Company to the Holders under the Terms and Conditions and fourthly in or towards payment of any other costs or outstanding amounts unpaid under the Terms and Conditions. Any excess funds shall promptly be transferred to the Company.

The Bonds are freely transferrable and trading can occur from the Issue Date. Holders may, however, be subject to purchase or transfer restrictions with regard to the Bonds, as applicable from time to time under local laws to which a Holder may be subject (due to, *e.g.*, its nationality, its residency, its registered address or its place(s) for business). Each Holder must ensure

compliance with local laws and regulations applicable at their own cost and expense. All Bond transfers are subject to the Terms and Conditions and the Terms and Conditions are automatically applicable in relation to all Bond transferees upon the completion of a transfer.

To simplify trading in the Bonds, the Company intends to apply for listing of the Bonds on NASDAQ OMX Stockholm in connection with the Swedish Financial Supervisory Authority's approval of this Prospectus. The number of Bonds being admitted to trading if the application is approved by NASDAQ OMX Stockholm is 500. The earliest date for admitting the Bonds to trading on NASDAQ OMX Stockholm is on or about 9 June 2014. Additional Bonds issued within the framework amount of SEK 1,000,000,000 under the Terms and Conditions may be admitted to trading pursuant to this Prospectus within one year after the approval of this Prospectus by the Swedish Financial Supervisory Authority. The fact that an application regarding listing of the Bonds on NASDAQ OMX Stockholm has been submitted does not mean that the application will be approved. The total expenses of the admission to trading of the Bonds are estimated to amount to SEK 100,000.

The Terms and Conditions include an undertaking by the Company to ensure that its shares continue to be listed on NASDAQ OMX Stockholm, to list the Bonds on NASDAQ OMX Stockholm not later than 60 days after the Issue Date, to ensure that the Bonds, once listed on NASDAQ OMX Stockholm, continue being listed on NASDAQ OMX Stockholm for as long as any Bond is outstanding and to, upon any Subsequent Bond Issue, increase the volume of Bonds listed on NASDAQ OMX Stockholm promptly, and not later than 10 Business Days after the relevant issue date.

The Company and its operations

Introduction

Orexo AB (publ) is a public limited liability company registered in Sweden with registration number 556500-0600, having its registered address at P.O. Box 303, SE-751 05, Uppsala, Sweden. The Company was formed on 18 November 1994 and registered with the Swedish Companies Registration Office on 25 November 1994. The Company is governed by Swedish law including, but not limited to, the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*) and the Swedish Annual Accounts Act (Sw. *årsredovisningslagen (1995:1554)*).

Share capital, shares and ownership structure

According to its articles of association, the Company's share capital shall be no less than SEK 5,000,000 and not more than SEK 20,000,000 divided into no less than 12,500,000 shares and not more than 50,000,000 shares. The Company's current share capital amounts to SEK 13,177,993.20 divided among 32,944,983 shares, with one vote per share and each share having equal rights on distribution of income and capital. The shares are denominated in SEK.

The Company is publicly traded with its shares being listed on NASDAQ OMX Stockholm. As of 31 December 2013, there were 4,881 shareholders of the Company. The largest shareholders of the Company are Novo A/S with approximately 29.3 per cent of the votes and share capital and HealthCap with approximately 12.2 per cent of the votes and share capital. The Company is the parent company in the Group. Since the majority of the revenues of the Group come from the Company's operational subsidiaries, the Company is dependent upon such subsidiaries.

Business and operations

The object of the Company's business, which is set forth in paragraph 3 of its articles of association, is to directly or indirectly, conduct research and development, manufacturing, marketing and sale of pharmaceutical products and diagnostic compounds, to manage real and movable property and any other activities compatible therewith.

Orexo is a specialty pharma company with own commercial operations in the U.S. and research and development operations in Sweden. The Company develops improved treatments using its proprietary drug delivery technology. Orexo's main focus is to improve the treatment of opioid dependence, starting with Zubsolv, a product for maintenance treatment of opioid dependence, launched in the US in September 2013.

Orexo's development expertise is within the area of reformulation technologies, in particular sublingual formulations. Orexo's proprietary commercial portfolio consists of Zubsolv for the treatment of opioid dependence. Zubsolv is currently the only brand marketed by Orexo. Additionally, the commercial portfolio consists of outlicensed products Abstral, which is marketed in the U.S., EU and Japan, and Edluar, which is marketed in the U.S. and EU. Revenues are also generated through Orexo's wholly owned subsidiary Kibion in the area of diagnosis of *Helicobacter Pylori*. The Company also has a development portfolio of reformulations of approved compounds within areas of unmet medical need as well as commercial and research partnerships with international pharmaceutical companies.

Litigation

In 2011, Mylan Inc., a generic pharmaceutical company, challenged the patent protection for Edluar in the U.S. Orexo has, in turn, filed a lawsuit against Mylan for patent infringement. The dispute has not yet been settled, but the Company is determined to defend the IP-protection of Edluar.

Apart from what is set forth above, during the previous twelve months the Company has not been, and is not aware of any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) which may have, or have had in the recent past, significant effects on the Company's and/or the Group's financial position or profitability.

Material agreements

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

Credit rating

Neither the Company nor the Bonds have a credit rating from an international credit rating institute.

Significant adverse changes and recent events

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

Except for the issuance of the Bonds, there have been no recent events particular to the Company which are to a material extent relevant to the evaluation of the Company's solvency.

Shareholders agreements

As far as the Company is aware, there are no shareholder agreements' or other agreements which could result in a change of control of the Company.

Board of directors, senior management and auditors

The business address for all members of the board of directors and the senior management is: Orexo AB, P.O. Box 303, SE-751 05 Uppsala, Sweden. The board of directors of the Company currently consists of 5 members. Information on the members of the board of directors and the senior management, including significant assignments outside the Company which are relevant for the Company, is set forth below.

Board of directors

Martin Nicklasson

Born 1955 and of Swedish nationality. Chairman of the Board of Directors of the Company since 2012. Current assignments outside the Company include as Chairman of the Board of Basilea Pharmaceutical Ltd and Farma Holding AS, Member of the Board of Pozen Inc, Oasmia AB and Biocrine AB as well as Member of the Royal Swedish Academy of Engineering Sciences (IVA).

Raymond G. Hill

Born 1945 and of British nationality. Member of the Board of Directors of the Company since 2008. Current assignments outside the Company include as Visiting Professor at Bristol and Imperial Universities, Member of UK Government Advisory Council on Misuse of Drugs, President Emeritus at the British Pharmacological Society; Member of Finance Committee, Academy of Medical Sciences as well as Non-Executive Director of Covagen AG and Avilex Pharma A/S.

Staffan Lindstrand

Born 1962 and of Swedish nationality. Member of the Board of Directors of the Company since 2002. Current assignments outside the Company include as Partner of HealthCap and Member of the Board of HealthCap AB, Aerocrine AB, PulmonX Inc. and 20/10 Perfect Vision AG.

Christina Schauman

Born 1965 and of Swedish nationality. Member of the Board of Directors of the Company since 2012. Current assignments outside the Company include as Member of the Board of Apoteket AB, ÅF AB, Livförsäkringsbolaget Skandia, ömsesidigt as well as Member of the Advisory Board of Rädna Barnen Sweden.

Michael Shalmi

Born 1965 and of Danish nationality. Member of the Board of Directors of the Company since 2010. Current assignments outside the Company include as Senior Partner in Novo A/S investment unit Novo Growth Equity.

Senior management

Nikolaj Sørensen

Nikolaj Sørensen is the Chief Executive Officer of the Company since 2013.

Robert A. DeLuca

Robert A. DeLuca is the President of Orexo U.S. Inc. since 2013.

Henrik Juuel

Henrik Juuel is Executive Vice President and the Chief Financial Officer of the Company since 2013.

Peter Edman

Peter Edman is the Chief Scientific Officer of the Company since 2012.

Åsa Holmgren

Åsa Holmgren is Senior Vice President of Regulatory Affairs of the Company since 2008.

Jesper Lind

Jesper Lind is the Chief Operating Officer of the Company since 2013.

Michael Sumner

Michael Sumner is the Chief Medical Officer of the Company since 2013.

Auditors

The annual general meetings held on 11 April 2012, 11 April 2013 and 15 April 2014, respectively, elected PricewaterhouseCoopers AB as the Company's auditors for the period through the next annual general meeting, respectively (*i.e.* including the period covered by the historical financial information incorporated into this Prospectus by reference). PricewaterhouseCoopers AB is a member of FAR.

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

Conflicts of interests

None of the Members of the Board of Directors or the Senior Management of the Company has a private interest that may be in conflict with the interests of the Company.

Although there are currently no conflicts of interest, it cannot be excluded that conflicts of interest may come to arise between companies in which Members of the Board of Directors and Members of the Senior Management have duties, as described above, and the Company.

Financial interests

Several Members of the Board of Directors and the Senior Management have a financial interest in the Company through their holdings of shares, employee stock options and warrants in the Company.

Overview of financial reporting and documents incorporated by reference

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

The financial information for the financial year ending 31 December 2013 have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations of these standards (IFRICs) issued by the IFRS Interpretations Committee, as these IFRSs and IFRICs have been adopted by the European Union.

The Company's consolidated annual report for the financial year ended 31 December 2013 has been incorporated in this Prospectus by reference. The consolidated annual report has been audited by the Company's auditor and the auditor's report has been incorporated in this Prospectus through the consolidated annual report for the financial year ended 31 December 2013 by reference.

The Company's consolidated interim report for the financial period ended 31 March 2014 has been incorporated in this Prospectus by reference. The interim report has not been audited or reviewed by the Company's auditor.

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

Reference	Document	Page
Financial information regarding the Company and its business for the financial year ended 31 December 2013	Orexo's consolidated annual report for the financial year ended 31 December 2013	32–72
Auditor's report for the financial year ended 31 December 2013	Orexo's consolidated annual report for the financial year ended 31 December 2013	71
Financial information regarding the Company and its business for the financial period ended 31 March 2014	Orexo's consolidated interim report for the financial period ended 31 March 2014	6–16

Investors should read all information which is incorporated in the Prospectus by reference. The documents can be obtained in paper format at the Company's head office and are also available at the Company's web page, www.orexo.com.

Documents available for inspection

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

- The articles of association of the Company
- All documents which – by reference – are a part of this Prospectus

**TERMS AND CONDITIONS
FOR
OREXO AB (PUBL)
MAXIMUM SEK 1,000,000,000
SENIOR UNSECURED CALLABLE FLOATING RATE
BONDS 2014/2018**

ISIN: SE0005932159

Issue Date: 9 May 2014

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

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TERMS AND CONDITIONS FOR
OREXO AB (PUBL)
MAXIMUM SEK 1,000,000,000
SENIOR UNSECURED CALLABLE FLOATING RATE BONDS
2014/2018
ISIN: SE0005932159

1 DEFINITIONS AND CONSTRUCTION

1.1 Definitions

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

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

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

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

“**Advance Purchase Agreements**” means (a) an advance or deferred purchase agreement if the agreement is in respect of the supply of assets or services and payment is due not more than 90 calendar days after the date of supply, or (b) any other trade credit incurred in the ordinary course of business.

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

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

“**Agent Agreement**” means the agreement entered into on or about the Issue Date between the Issuer and the Agent, or any replacement agent agreement entered into after the Issue Date between the Issuer and an Agent.

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

“Bridge Loan” means the SEK 170,000,000 term loan facility agreement entered into by Danske Bank A/S as lender and the Issuer as borrower on 29 January 2014.

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

“Business Day Convention” means the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day.

“Call Option Amount” means:

- (a) 102.50 per cent. of the Nominal Amount if the call option is exercised on or after the First Call Date up to (but excluding) the date falling 30 months after the Issue Date;
- (b) 102.00 per cent. of the Nominal Amount if the call option is exercised on or after the date falling 30 months after the Issue Date up to (but excluding) the date falling 36 months after the Issue Date;
- (c) 101.50 per cent. of the Nominal Amount if the call option is exercised on or after the date falling 36 months after the Issue Date up to (but excluding) the date falling 42 months after the Issue Date; or
- (d) 101.00 per cent. of the Nominal Amount if the call option is exercised on or after the date falling 42 months after the Issue Date up to (but excluding) the Final Redemption Date.

“Cash and Cash Equivalents” means cash and cash equivalents in accordance with the Accounting Principles.

“Change of Control Event” means the occurrence of an event or series of events whereby (i) Novo ceases to control directly or indirectly at least 15 per cent. of the total outstanding share capital or voting rights in the Issuer or (ii) one or more Persons (other than Novo) acting together, acquire control over the Issuer and where **“control”** means (a) acquiring or controlling, directly or indirectly, more than 50.00 per cent. of the voting shares of the Issuer, or (b) the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer.

“Compliance Certificate” means a certificate, in form and substance reasonably satisfactory to the Agent, signed by the Issuer certifying (i) that so far as it is aware no Event of Default is continuing or, if it is aware that such event is continuing, specifying the event and steps, if any, being taken to remedy it and, (ii) if provided in connection with an application of the Incurrence Test, that the Incurrence Test is met and including calculations and figures in respect of the ratio of Net Interest Bearing Debt to EBITDA and the Interest Coverage Ratio.

“Conditions Precedent for Disbursement” means the conditions set forth in Clause 13.1(a)–(c).

“Conditions Subsequent” means the conditions set forth in Clause 14.1(a)–(b).

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

“Debt Service Account” means the Issuer’s bank account with account number 12410128491 held with the account bank and which has been pledged under the Debt Service Account Pledge Agreement.

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

“Derivative Transaction” has the meaning set forth in item (d) of the definition “Permitted Debt”.

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

- (a) before deducting any amount of tax on profits, gains or income paid or payable by any Group Company;
- (b) before deducting any Net Finance Charges;
- (c) before taking into account any exceptional items which are not in line with the ordinary course of business;
- (d) before taking into account any Transaction Costs;
- (e) not including any accrued interest owing to any Group Company;
- (f) before taking into account any unrealised gains or losses on any derivative instrument (other than any derivative instruments which is accounted for on a hedge account basis);
- (g) after adding back or deducting, as the case may be, the amount of any loss or gain against book value arising on a disposal of any asset (other than in the ordinary course of trading) and any loss or gain arising from an upward or downward revaluation of any asset;
- (h) after deducting the amount of any profit (or adding back the amount of any loss) of any Group Company which is attributable to minority interests;
- (i) after adding back or deducting, as the case may be, the Group’s share of the profits or losses of entities which are not part of the Group; and

(j) after adding back any amount attributable to the amortisation, depreciation or depletion of assets of Group Companies.

“Escrow Account” means the Issuer’s bank account with account number 12410128483 held with the account bank and which has been pledged under the Escrow Account Pledge Agreement.

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

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

“Existing Debt” means the debt of the Group under the Senior Debt and the Bridge Loan.

“Final Redemption Date” means 9 May 2018.

“Finance Charges” means, for the Relevant Period, the aggregate amount of the accrued interest, commission, fees, discounts, payment fees, premiums or charges and other finance payments in respect of Financial Indebtedness whether paid, payable or capitalised by any Group Company according to the latest Financial Report(s) (calculated on a consolidated basis) without taking into account any Transaction Costs or any unrealised gains or losses on any derivative instruments other than any derivative instruments which are accounted for on a hedge accounting basis.

“Finance Documents” means these Terms and Conditions, the Agent Agreement, the Debt Service Account Pledge Agreement, the Escrow Account Pledge Agreement and any other document designated by the Issuer and the Agent as a Finance Document.

“Finance Lease” has the meaning set forth in item (b) of the definition “Financial Indebtedness”.

“Financial Indebtedness” means any indebtedness in respect of:

- (a) monies borrowed or raised, including Market Loans;
- (b) the amount of any liability in respect of any finance leases, to the extent the arrangement is or would have been treated as a finance lease in accordance with the Accounting Principles (a lease which in the accounts of the Group is treated as an asset and a corresponding liability) (a **“Finance Lease”**), and for the avoidance of doubt, any leases treated as operating leases under the Accounting Principles shall not, regardless of any subsequent changes or amendments of the Accounting Principles, be considered as finance or capital leases (the **“Operational Lease Freeze”**);
- (c) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(d) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;

(e) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the mark to market value shall be taken into account);

(f) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

(g) (without double counting) any guarantee or other assurance against financial loss in respect of a type referred to in the above items (a)–(f).

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

“Financial Report” means the annual audited consolidated financial statements of the Group, the annual audited unconsolidated financial statements of the Issuer, the quarterly interim unaudited consolidated reports of the Group or the quarterly interim unaudited unconsolidated reports of the Issuer, which shall be prepared and made available according to Clause 12.12.1(a)–(b).

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

“Force Majeure Event” has the meaning set forth in Clause 26.1.

“Funds Flow Statement” means the description of flow of the funds disbursed from the Escrow Account for the purpose of repaying the Existing Debt in full.

“Group” means the Issuer and all the Subsidiaries from time to time (each a **“Group Company”**).

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

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

“Incurrence Test” is met if calculated in accordance with the Incurrence Test Calculation Principles and:

- (a) the ratio of Net Interest Bearing Debt to EBITDA is not greater than 2.00; and
- (b) the Interest Coverage Ratio exceeds 4.00.

“Incurrence Test Calculation Principles” means:

- (a) that (i) the calculation of the ratio of Net Interest Bearing Debt to EBITDA shall be made as per a testing date determined by the Issuer, falling no more than

one month prior to the incurrence of the new Financial Indebtedness or the payment of the relevant Restricted Payment (as applicable) which requires the Issuer to meet the Incurrence Test, (ii) the Net Interest Bearing Debt shall be measured on the relevant testing date so determined, but include the Restricted Payment or the new Financial Indebtedness (as applicable), provided such Financial Indebtedness is an interest bearing obligation (however, any cash balance resulting from the incurrence of the new Financial Indebtedness shall not reduce the Net Interest Bearing Debt) and (iii) EBITDA shall be calculated as set out in item (b) and (c) below;

(b) the calculation of the Interest Coverage Ratio shall be made for the Relevant Period ending on the last day of the period covered by the most recent Financial Report; and

(c) that the figures for EBITDA, Finance Charges and Net Finance Charges for the Relevant Period ending on the last day of the period covered by the most recent Financial Report shall be used for the Incurrence Test, but adjusted so that (i) entities acquired or disposed of by the Group during the Relevant Period, or after the end of the Relevant Period but before the relevant testing date, shall be included or excluded (as applicable), *pro forma*, for the entire Relevant Period, (ii) any entity to be acquired with the proceeds from new Financial Indebtedness shall be included, *pro forma*, for the entire Relevant Period and (iii) the *pro forma* calculation of EBITDA takes into account the net cost savings and other reasonable synergies, as the case may be, realisable for the Group within twelve months from the acquisition as a result of acquisitions and/or disposals of entities referred to in (i) and (ii) above, provided that such net cost savings and other reasonable synergies, as the case may be, have been confirmed by a reputable accounting firm and the Issuer has provided evidence thereof to the Agent.

“Initial Bond” means any Bond issued on the Issue Date.

“Initial Bond Issue” has the meaning set forth in Clause 2.1.

“Interest” means the interest on the Bonds calculated in accordance with Clause 10.

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

“Interest Payment Date” means 9 February, 9 May, 9 August and 9 November each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention (with the first Interest Payment Date on 9 August 2014 and the last Interest Payment Date being the Final Redemption Date).

“Interest Period” means each period beginning on (but excluding) the Issue Date or any Interest Payment Date and ending on (and including) the next succeeding Interest Payment Date (or a shorter period if relevant) and, in respect of Subsequent Bonds, each period beginning on (but excluding) the Interest Payment Date falling immediately prior to their issuance and ending on (and including) the next succeeding Interest Payment Date (or a shorter period if relevant).

“Interest Rate” means a floating rate of STIBOR (3 months) + 4.00 per cent. per annum.

“Issue Date” means 9 May 2014.

“Issuer” means Orexo AB (publ) (reg. no. 556500-0600, P.O. Box 303, SE-751 05, Uppsala, Sweden).

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

“Make Whole Amount” means an amount equal to the sum of:

(a) the present value on the relevant Record Date of 102.50 per cent. of the Nominal Amount as if such payment originally should have taken place on the First Call Date; and

(b) the present value on the relevant Record Rate of the remaining Interest payments (excluding accrued but unpaid Interest up to the relevant Redemption Date) up to and including the First Call Date;

both calculated by using a discount rate of 50 basis points over the comparable Swedish Government Bond Rate (i.e. comparable to the remaining duration of the Bonds until the First Call Date).

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

“Material Adverse Effect” means a material adverse effect on (a) the business, financial condition or operations of the Group taken as a whole, (b) the Issuer’s ability or willingness to perform and comply with its payment and other undertakings under the Finance Documents or (c) the validity or enforceability of the Finance Documents.

“Material Group Company” means the Issuer or a Subsidiary representing more than 5.00 per cent. of either (i) the total assets of the Group on a consolidated basis (for the avoidance of doubt, excluding any intra-group transactions) or (ii) the EBITDA of the Group on a consolidated basis according to the latest Financial Report.

“NASDAQ OMX Stockholm” means NASDAQ OMX Stockholm AB (reg. no. 556383-9058, SE-105 78 Stockholm, Sweden).

“Net Finance Charges” means, for the Relevant Period, the Finance Charges according to the latest Financial Report(s), after deducting any interest payable for that Relevant Period to any Group Company and any interest income relating to Cash and Cash Equivalents investments of the Group.

“Net Interest Bearing Debt” means the aggregate interest bearing debt less Cash and Cash Equivalents of the Group according to the latest Financial Report or per the relevant testing date if measured in relation to the Incurrence Test, in accordance with the Accounting Principles but adjusted in accordance with the Operational Lease Freeze.

“Net Proceeds” means the proceeds from the Initial Bond Issue which, after deduction has been made for the transaction costs payable by the Issuer to the Issuing Agent for the services provided in relation to the placement and issuance of the Bonds, shall be transferred to the Debt Service Account and Escrow Account and used in accordance with Clause 4 (*Use of proceeds*).

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

“Novo” means Novo A/S (CVR no. 242576430).

“Operational Lease Freeze” has the meaning set forth in item (b) of the definition “Financial Indebtedness”.

“Permitted Basket” has the meaning set forth in item (k) of the definition “Permitted Debt”.

“Permitted Debt” means any Financial Indebtedness:

- (a) incurred under the Finance Documents (including pursuant to any Subsequent Bond Issue, if such incurrence meets the Incurrence Test tested *pro forma* including such incurrence);
- (b) related to any agreements under which a Group Company leases office space (Sw. *kontorshyresavtal*) or other premises provided that such Financial Indebtedness is incurred in the ordinary course of such Group Company’s business;
- (c) taken up from a Group Company;
- (d) arising under a derivative transaction entered into by a Group Company in connection with protection against or benefit from fluctuation in any rate or price where such exposure arises in the ordinary course of business or in respect of payments to be made under these Terms and Conditions (excluding for the avoidance of doubt any derivative transaction which in itself is entered into for investment or speculative purposes) (“**Derivative Transaction**”);
- (e) incurred as a result of any Group Company acquiring another entity and which is due to that such acquired entity holds Financial Indebtedness, provided that the Incurrence Test is met, tested *pro forma* including the acquired entity in question, however should the Incurrence Test not be met, a clean-up period of 60 calendar days is permitted to unwind such Financial Indebtedness;
- (f) incurred in the ordinary course of business under Advance Purchase Agreements;

(g) incurred by the Issuer if such Financial Indebtedness (i) meets the Incurrence Test tested *pro forma* including such incurrence, (ii) ranks *pari passu* with or is subordinated to the obligations of the Issuer under these Terms and Conditions and under the Agent Agreement and (iii) has a final redemption date or, when applicable, early redemption dates or instalment dates which occur after the Final Redemption Date;

(h) of the Group under any pension and tax liabilities incurred in the ordinary course of business;

(i) incurred in relation to the Recourse Receivables Transaction;

(j) incurred under a credit facility for working capital purposes, in an aggregate amount not at any time exceeding SEK 100,000,000 and incurred in the ordinary course of the Group's business (the "**Working Capital Facility**"); and

(k) not permitted by item (a)–(j) above in an aggregate amount not at any time exceeding SEK 15,000,000 and incurred in the ordinary course of the Group's business (all such Financial Indebtedness is together referred to as the "**Permitted Basket**").

"**Permitted Security**" means any guarantee or security:

(a) provided in accordance with the Finance Documents;

(b) provided in relation to any agreement under which a Group Company leases office space (Sw. *kontorshyresavtal*) or other premises provided such lease constitutes Permitted Debt;

(c) arising by operation of law or in the ordinary course of business (including collateral or retention of title arrangements in connection with Advance Purchase Agreements but, for the avoidance of doubt, not including guarantees or security in respect of any monies borrowed or raised);

(d) provided in relation to a Derivative Transaction in the form of guarantees from other Group Companies or Cash or Cash Equivalents;

(e) incurred as a result of any Group Company acquiring another entity and which is due to that such acquired entity has provided security, provided that the debt secured with such security constitutes Permitted Debt in accordance with paragraph (e) of Permitted Debt above; and

(f) provided in relation to the Working Capital Facility or the Permitted Basket and not consisting of security interest in shares in any Group Company or, if provided in relation to a Finance Lease which constitutes Permitted Debt, is granted only in the leased asset in question.

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

“Purpose of the Bond Issue” has the meaning set forth in Clause 4.3.

“QIB” has the meaning set forth in Clause 6.6.

“Quotation Day” means, in relation to any period for which an interest rate is to be determined, two Business Days before the first day of that period.

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

“Recourse Receivables Transaction” means the sale, on a recourse basis, pursuant to a receivables purchase and serving agreement dated 16 October 2013 between the Issuer and Nordea Bank AB (publ) of a receivable in the amount of GBP 12,500,000 owed by Strakan International S.a.r.l. (unconditional royalty payment under a license agreement), guaranteed by Kyowa Hakko Kirin Co. Ltd and due in June 2014.

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

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

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

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

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

“Securities Act” has the meaning set forth in Clause 6.5.

“SEK” means the lawful currency of Sweden.

“Senior Debt” means the SEK 200,000,000 revolving credit facility agreement (of which SEK 100,000,000 is drawn at the Issue Date) entered into by Danske Bank A/S as lender and the Issuer as borrower on 27 November 2013 as amended and restated on 29 January 2014.

“Senior Debt Security” means all security and guarantees provided in relation to the Senior Debt.

“STIBOR” means:

(a) the applicable percentage rate *per annum* displayed on NASDAQ OMX Stockholm's website for STIBOR fixing (or through another website replacing it) as of or around 11.00 a.m. on the Quotation Day for the offering of deposits in SEK and for a period comparable to the relevant Interest Period; or

(b) if no rate is available for the relevant Interest Period, the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Issuing Agent at its request quoted by leading banks in the Stockholm interbank market reasonably selected by the Issuing Agent, for deposits of SEK 100,000,000 for the relevant period; or

(c) if no quotation is available pursuant to paragraph (b), the interest rate which according to the reasonable assessment of the Issuing Agent best reflects the interest rate for deposits in SEK offered in the Stockholm interbank market for the relevant period; and

if any such rate is below zero, STIBOR will be deemed to be zero.

“Subsequent Bond Issue” means any issue of Subsequent Bonds.

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

“Subsidiary” means, in relation to the Issuer, any legal entity (whether incorporated or not), in respect of which the Issuer, directly or indirectly, (a) owns shares or ownership rights representing more than 50.00 per cent. of the total number of votes held by the owners, (b) otherwise controls more than 50.00 per cent. of the total number of votes held by the owners, (c) has the power to appoint and remove all, or the majority of, the members of the board of directors or other governing body or (d) exercises control as determined in accordance with the Accounting Principles.

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

Sweden, acting through the Swedish National Debt Office, adjusted to a constant maturity of one year shall be used.

“Transaction Costs” means all fees, costs and expenses incurred by a Group Company in connection with (a) the Initial Bond Issue or a Subsequent Bond Issue, (b) the repayment of the Existing Debt and the release of the Senior Debt Security and (c) the listing of the Bonds on NASDAQ OMX Stockholm.

“Working Capital Facility” has the meaning set forth in item (j) of the definition “Permitted Debt”.

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

1.2 Construction

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

(d) **“assets”** includes present and future properties, revenues and rights of every description;

(e) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;

(f) a **“regulation”** includes any regulation, rule or official directive (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency or department;

(g) an Event of Default is continuing if it has not been remedied or waived;

(h) a provision of law is a reference to that provision as amended or re-enacted; and

(i) a time of day is a reference to Stockholm time.

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

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

1.2.4 No delay or omission of the Agent or of any Holder to exercise any right or remedy under the Finance Documents shall impair or operate as a waiver of any such right or remedy.

2 THE AMOUNT OF THE BONDS AND UNDERTAKING TO MAKE PAYMENTS

2.1 The aggregate amount of the bond loan will be an amount of up to SEK 1,000,000,000 which will be represented by Bonds, each of a nominal amount of SEK 1,000,000 or full multiples thereof (the **“Nominal Amount”**). The maximum total nominal amount of the

Initial Bonds is SEK 500,000,000 (“**Initial Bond Issue**”). All Initial Bonds are issued on a fully paid basis at an issue price of 100.00 per cent. of the Nominal Amount. The ISIN for the Bonds is SE0005932159. The minimum permissible investment in connection with the Initial Bond Issue is SEK 1,000,000.

- 2.2 Provided that the Incurrence Test is met, the Issuer may, at one or more occasions, issue Subsequent Bonds amounting to in total maximum SEK 500,000,000. Subsequent Bonds shall benefit from and be subject to the Finance Documents and, for the avoidance of doubt, the ISIN, the Interest Rate, the Nominal Amount, the Final Redemption Date applicable to the Initial Bonds and otherwise have the same rights as the Initial Bonds. The price of Subsequent Bonds may be set at a discount or at a higher price than the Nominal Amount. The maximum total nominal amount of the Bonds (the Initial Bonds and all Subsequent Bonds) may not exceed SEK 1,000,000,000.
- 2.3 The Issuer undertakes to repay the Bonds, to pay Interest and to otherwise act in accordance and comply with these Terms and Conditions.
- 2.4 The Bonds are denominated in SEK and each Bond is constituted by these Terms and Conditions.
- 2.5 By subscribing for Bonds, each initial Holder agrees that the Bonds shall benefit from and be subject to the Finance Documents and by acquiring Bonds each subsequent Holder confirms such agreements.

3 STATUS OF THE BONDS

The Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among them.

4 USE OF PROCEEDS

- 4.1 On the Issue Date, the Issuing Agent shall transfer an amount of the Net Proceeds to the Debt Service Account. Such amount shall correspond to four quarterly interest payments to be paid under these Terms and Conditions, the calculation of which shall be based on the Interest Rate applicable two Business Days before the Issue Date but increased with 50 basis points. The Agent shall, upon the Issuer’s request and in connection with an Interest Payment Date, instruct the account bank to transfer an amount corresponding to the relevant Interest payment to the Issuer.
- 4.2 The Net Proceeds shall, subject to Clause 4.1 above, be transferred to the Escrow Account by the Issuing Agent. For the purpose of securing that the Conditions Precedent for Disbursement have been fulfilled before the disbursement of the Net Proceeds is made and for the purpose of securing that the Net Proceeds will be used by the Issuer in accordance with the Purpose of the Bond Issue, the Escrow Account has been pledged in favour of the Agent and the Holders (represented by the Agent). The pledge over the Escrow Account shall be released when the Conditions Subsequent have been fulfilled.
- 4.3 Upon fulfilment of the Conditions Precedent for Disbursement, the Net Proceeds, after deducting the amount of the Net Proceeds to be transferred to the Debt Service Account in accordance with Clause 4.1 above, shall be used towards (i) repayment in full of the

Existing Debt in accordance with the Funds Flow Statement and (ii) general corporate purposes (the “**Purpose of the Bond Issue**”). The proceeds from any Subsequent Bond Issue shall be used for general corporate purposes.

5 SECURITY

- 5.1 *Inter alia* as continuing security for the due and punctual fulfilment of the Issuer’s obligations under the Finance Documents, the Issuer has pledged to the Agent and the Holders (represented by the Agent) the Debt Service Account and the Escrow Account in accordance with the Debt Service Account Pledge Agreement and the Escrow Account Pledge Agreement.
- 5.2 The Issuer shall ensure that the Debt Service Account Pledge Agreement and the Escrow Account Pledge Agreement and all documents relating thereto are duly executed (in favour of the Agent and the Holders (represented by the Agent), if applicable) and that such documents are legally valid, perfected, enforceable and in full force and effect according to their terms. The Issuer shall execute and/or procure the execution of such further documentation as the Agent may reasonably require in order for the Holders and the Agent to at all times maintain the security position envisaged hereunder.
- 5.3 The Agent will hold the security created under the Debt Service Account Pledge Agreement and the Escrow Account Pledge Agreement on behalf of itself and the Holders in accordance with these Terms and Conditions, the Debt Service Account Pledge Agreement and the Escrow Account Pledge Agreement.
- 5.4 Except if otherwise decided by the Holders according to the procedures set out in Clauses 17 (*Decisions by Holders*) to 19 (*Written Procedure*), the Agent is, without first having to obtain the Holders’ consent, entitled to enter into binding agreements with the Group Companies or third parties if it is, in the Agent’s sole discretion, necessary for the purpose of establishing, maintaining, altering, releasing or enforcing the security created (or to be created) under the Debt Service Account Pledge Agreement and the Escrow Account Pledge Agreement or for the purpose of settling the various Holders’ relative rights to the security created under the Debt Service Account Pledge Agreement and the Escrow Account Pledge Agreement, respectively. The Agent is entitled to take all measures available to it according to the Finance Documents.
- 5.5 If the Bonds are declared due and payable according to Clause 15 (*Termination of the Bonds*) or following the Final Redemption Date, the Agent is, without first having to obtain the Holders’ consent, entitled to enforce the security created under the Debt Service Account Pledge Agreement and the Escrow Account Pledge Agreement, in such manner and under such conditions that the Agent finds acceptable (if in accordance with the Debt Service Account Pledge Agreement and the Escrow Account Pledge Agreement, respectively).
- 5.6 If a Holders’ meeting has been convened to decide on the termination of the Bonds and/or the enforcement of all or any of the security created under all or any of the Debt Service Account Pledge Agreement and the Escrow Account Pledge Agreement, the Agent is obligated to take actions in accordance with the Holders’ decision regarding the

security created thereunder. However, if the Bonds are not terminated due to that the cause for termination has ceased or due to any other circumstance mentioned in these Terms and Conditions, the Agent shall not enforce any of the security created under the Debt Service Account Pledge Agreement and the Escrow Account Pledge Agreement. If the Holders, without any prior initiative from the Agent or the Issuer, have made a decision regarding termination of the Bonds and enforcement of any of the security created under the Debt Service Account Pledge Agreement and the Escrow Account Pledge Agreement in accordance with the procedures set out in Clauses 17 (*Decisions by Holders*) to 19 (*Written Procedure*), the Agent shall promptly declare the Bonds terminated and enforce the security created under the Debt Service Account Pledge Agreement and the Escrow Account Pledge Agreement. The Agent is however not liable to take action if the Agent considers cause for termination and/or acceleration not to be at hand, unless the instructing Holders in writing commit to holding the Agent indemnified and, at the Agent's own discretion, grant sufficient security for the obligation.

- 5.7 Funds that the Agent receives (directly or indirectly) on behalf of the Holders in connection with the enforcement of any or all of the security created under the Debt Service Account Pledge Agreement and the Escrow Account Pledge Agreement constitute escrow funds (Sw. *redovisningsmedel*) according to the Escrow Funds Act (Sw. *lag (1944:181) om redovisningsmedel*) and must be held on a separate account on behalf of the Holders. The Agent shall promptly arrange for payments of such funds in accordance with Clause 16 (*Distribution of proceeds*) as soon as reasonably practicable. If the Agent deems it appropriate, it may, in accordance with Clause 5.8, instruct the CSD to arrange for payment to the Holders.
- 5.8 For the purpose of exercising the rights of the Holders and the Agent under these Terms and Conditions and for the purpose of distributing any funds originating from the enforcement of any security created under the Debt Service Account Pledge Agreement and the Escrow Account Pledge Agreement, the Issuer irrevocably authorises and empowers the Agent to act in the name of the Issuer, and on behalf of the Issuer, to instruct the CSD to arrange for payment to the Holders in accordance with Clause 5.7. To the extent permissible by law, the powers set out in this Clause 5.8 are irrevocable and shall be valid for as long as any Bonds remain outstanding. The Issuer shall immediately upon request by the Agent provide the Agent with any such documents, including a written power of attorney (in form and substance to the Agent's satisfaction), which the Agent deems necessary for the purpose of carrying out its duties under Clause 5.7. Especially, the Issuer shall, upon the Agent's request, provide the Agent with a written power of attorney empowering the Agent to change the bank account registered with the CSD to a bank account in the name of the Agent and to instruct the CSD to pay out funds originating from an enforcement in accordance with Clause 5.7 to the Holders through the CSD.

6 THE BONDS AND TRANSFERABILITY

- 6.1 Each Holder is bound by these Terms and Conditions without there being any further actions required to be taken or formalities to be complied with.

- 6.2 The Bonds are freely transferable. All Bond transfers are subject to these Terms and Conditions and these Terms and Conditions are automatically applicable in relation to all Bond transferees upon completed transfer.
- 6.3 Upon a transfer of Bonds, any rights and obligations under the Finance Documents relating to such Bonds are automatically transferred to the transferee.
- 6.4 No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Bonds or the possession, circulation or distribution of any document or other material relating to the Issuer or the Bonds in any jurisdiction other than Sweden, where action for that purpose is required. Each Holder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Bonds, (due to, e.g., its nationality, its residency, its registered address or its place(s) of business). Each Holder must ensure compliance with such restrictions at its own cost and expense.
- 6.5 The Bonds have not been registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) and the Issuer is under no obligation to arrange for registration of the Bonds under the Securities Act or under any other law or regulation.
- 6.6 The Bonds are not offered to and may not be subscribed by investors located in the United States except for “Qualified Institutional Buyers” (“**QIB**”) within the meaning of Rule 144A under the Securities Act. In the application form relating to the Bonds, each person applying for the Bonds must confirm whether it is a U.S. person as defined in Rule 902 of Regulation S under the Securities Act, and if it is a U.S. person it must confirm, *inter alia*, that it is a QIB.
- 6.7 Holders located in the United States are not permitted to transfer Bonds except (a) subject to an effective registration statement under the Securities Act, (b) to a person that the Holder reasonably believes is a QIB within the meaning of Rule 144A that is purchasing for its own account, or the account of another QIB, to whom notice is given that the resale, pledge or other transfer may be made in reliance on Rule 144A, (c) outside the United States in accordance with Regulation S under the Securities Act, (d) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available) and (e) pursuant to any other available exemption from registration under the Securities Act, subject to the receipt by the Issuer of an opinion of counsel or such other evidence that the Issuer may reasonably require confirming that such sale or transfer is in compliance with the Securities Act.
- 6.8 For the avoidance of doubt and notwithstanding the above, a Holder which allegedly has purchased Bonds in contradiction to mandatory restrictions applicable may nevertheless utilise its voting rights under these Terms and Conditions and shall be entitled to exercise its full rights as a Holder hereunder in each case until such allegations have been resolved.

7 BONDS IN BOOK-ENTRY FORM

- 7.1 The Bonds will be registered for the Holders on their respective Securities Accounts and no physical Bonds will be issued. Accordingly, the Bonds will be registered in

accordance with the Financial Instruments Accounts Act. Registration requests relating to the Bonds shall be directed to an Account Operator.

- 7.2 Those who according to assignment, security, the provisions of the Swedish Children and Parents Code (Sw. *föräldrabalken (1949:381)*), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Bond shall register their entitlements to receive payment in accordance with the Financial Instruments Accounts Act.
- 7.3 The Issuer (and the Agent when permitted under the CSD's applicable regulations) shall be entitled to obtain information from the debt register (Sw. *skuldbok*) kept by the CSD in respect of the Bonds. At the request of the Agent, the Issuer shall promptly obtain such information and provide it to the Agent.
- 7.4 For the purpose of or in connection with any Holders' Meeting or any Written Procedure, the Issuing Agent shall be entitled to obtain information from the debt register kept by the CSD in respect of the Bonds. If the Agent does not otherwise obtain information from such debt register as contemplated under the Finance Documents, the Issuing Agent shall at the request of the Agent obtain information from the debt register and provide it to the Agent.
- 7.5 The Issuer shall issue any necessary power of attorney to such persons employed by the Agent, as notified by the Agent, in order for such individuals to independently obtain information directly from the debt register kept by the CSD in respect of the Bonds. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Holders.
- 7.6 At the request of the Agent, the Issuer shall promptly instruct the Issuing Agent to obtain information from the debt register kept by the CSD in respect of the Bonds and provide it to the Agent.

8 RIGHT TO ACT ON BEHALF OF A HOLDER

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

9 PAYMENTS IN RESPECT OF THE BONDS

- 9.1 Any payment or repayment under the Finance Documents, or any amount due in respect of a repurchase of any Bonds, shall be made to such Person who is registered as a Holder on the Record Date prior to the relevant payment date, or to such other Person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.
- 9.2 If a Holder has registered, through an Account Operator, that principal, Interest and any other payment that shall be made under these Terms and Conditions shall be deposited in a certain bank account; such deposits will be effected by the CSD on the relevant payment date. In other cases, payments will be transferred by the CSD to the Holder at the address registered with the CSD on the Record Date. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effect payments as aforesaid, the Issuer shall procure that such amounts are paid to the Persons who are registered as Holders on the relevant Record Date as soon as possible after such obstacle has been removed.
- 9.3 If, due to any obstacle for the CSD, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed. Interest shall accrue in accordance with Clause 10.4 during such postponement.
- 9.4 If payment or repayment is made in accordance with this Clause 9 (*Payments in respect of the Bonds*), the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a Person not entitled to receive such amount.
- 9.5 The Issuer shall pay any stamp duty and other public fees accruing in connection with the Initial Bond Issue or a Subsequent Bond Issue, but not in respect of trading in the secondary market (except to the extent required by applicable law), and shall deduct at source any applicable withholding tax payable pursuant to law. The Issuer shall not be liable to reimburse any stamp duty or public fee or to gross-up any payments under these Terms and Conditions by virtue of any withholding tax.

10 INTEREST

- 10.1 The Bonds will bear Interest at the Interest Rate applied to the Nominal Amount from, but excluding, the Issue Date up to and including the relevant Redemption Date. Any Subsequent Bond will, however, carry Interest at the Interest Rate from, but excluding, the Interest Payment Date falling immediately prior to its issuance up to and including the relevant Redemption Date.
- 10.2 Interest accrues during an Interest Period. Payment of Interest in respect of the Bonds shall be made quarterly in arrears to the Holders on each Interest Payment Date for the preceding Interest Period.
- 10.3 Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).

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

11 REDEMPTION AND REPURCHASE OF THE BONDS

11.1 Redemption at maturity

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

11.2 The Group Companies' purchase of Bonds

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

11.3 Early voluntary redemption by the Issuer (call option)

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

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

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

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

- 11.4.1 Upon a Change of Control Event occurring, each Holder shall have the right to request that all, but not only some, of its Bonds is repurchased (whereby the Issuer shall have the obligation to repurchase such Bonds) at a price per Bond equal to 101.00 per cent. of the Nominal Amount together with accrued but unpaid Interest; during a period of 30 calendar days following a notice from the Issuer of the Change of Control Event pursuant to Clause 12.12.1 (e). The 30 calendar days' period may not start earlier than upon the occurrence of the Change of Control Event.

- 11.4.2 The notice from the Issuer pursuant to Clause 12.12.1 (e) shall specify the repurchase date and include instructions about the actions that a Holder needs to take if it wants Bonds held by it to be repurchased. If a Holder has so requested, and acted in

accordance with the instructions in the notice from the Issuer, the Issuer, or a Person designated by the Issuer, shall repurchase the relevant Bonds and the repurchase amount shall fall due on the repurchase date specified in the notice given by the Issuer pursuant to Clause 12.12.1 (e). The repurchase date must fall no later than (i) 120 calendar days (if triggered by the event set out in item (i) of the definition “Change of Control Event”) after the end of the period referred to in Clause 11.4.1 or (ii) 20 Business Days (if triggered by the event set out in item (ii) of the definition “Change of Control Event”) after the end of the period referred to in Clause 11.4.1.

- 11.4.3 The Issuer shall comply with the requirements of any applicable securities laws or regulations in connection with the repurchase of Bonds. To the extent that the provisions of such laws and regulations conflict with the provisions in this Clause 11.4, the Issuer shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 11.4 by virtue of the conflict.
- 11.4.4 Any Bonds repurchased by the Issuer pursuant to this Clause 11.4 may at the Issuer’s discretion be retained, sold or cancelled.

12 SPECIAL UNDERTAKINGS

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

12.1 Distributions

The Issuer shall not, and shall procure that none of the Subsidiaries, (i) pay any dividend on shares, (ii) repurchase any of its own shares, (iii) redeem its share capital or other restricted equity with repayment to shareholders, (iv) repay principal or pay interest under any shareholder loans, (v) grant any loans except to Group Companies or (vi) make any other similar distribution or transfers of value (Sw. *värdeöverföringar*) to the Issuer’s, or the Subsidiaries’, direct and indirect shareholders or the Affiliates of such direct and indirect shareholders (items (i)–(vi) above are together and individually referred to as a “**Restricted Payment**”), provided however that any such Restricted Payment can be made, if such Restricted Payment is permitted by law and no Event of Default is continuing or would result from such Restricted Payment, by (a) any Group Company if such Restricted Payment is made to another Group Company and, if made by any of the Subsidiaries which is not directly or indirectly wholly-owned by the Issuer, is made on a *pro rata* basis and (b) by the Issuer, provided that (i) the Incurrence Test (calculated on a *pro forma* basis including the relevant Restricted Payment) is met and (ii) the aggregate amount of all Restricted Payments of the Group in a financial year (including the Restricted Payment in question but excluding any Restricted Payment made in accordance with item (a) above) does not exceed 50 per cent. of the Group’s consolidated net profit (Sw. *årets resultat*) according to the annual audited financial statements for the previous financial year.

12.2 Listing of Bonds

The Issuer shall ensure (i) that its shares continue being listed on NASDAQ OMX Stockholm's Regulated Market, (ii) that the Bonds are listed on the corporate bond list of NASDAQ OMX Stockholm or, if such admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market within 60 calendar days after the Issue Date, (iii) that the Bonds, once admitted to trading on the corporate bond list of NASDAQ OMX Stockholm (or any other Regulated Market, as applicable), continue being listed thereon (however, taking into account the rules and regulations of NASDAQ OMX Stockholm (or any other Regulated Market, as applicable) and the CSD (as amended from time to time) preventing trading in the Bonds in close connection to the redemption of the Bonds) and (iv) that, upon any Subsequent Bond Issue, the volume of Bonds listed on the corporate bond list of NASDAQ OMX Stockholm (or any other Regulated Market, as applicable) promptly, and not later than 10 Business Days after the relevant issue date, is increased accordingly.

12.3 Nature of business

The Issuer shall procure that no substantial change is made to the general nature of the business as carried out by the Group on the Issue Date.

12.4 Financial Indebtedness

The Issuer shall not, and shall procure that none of the Subsidiaries, incur any new, or maintain or prolong any existing, Financial Indebtedness, provided however that the Group Companies have a right to incur, maintain and prolong Financial Indebtedness which constitute Permitted Debt.

12.5 Negative pledge

The Issuer shall not, and shall procure that none of the Subsidiaries, create or allow to subsist, retain, provide, prolong or renew any guarantee or security over any of its/their assets (present or future) to secure any Financial Indebtedness, provided however that the Group Companies have a right to retain, provide, prolong and renew any Permitted Security.

12.6 Clean down period

The Issuer shall procure that during each calendar year, there shall be a period of 5 consecutive calendar days during which the amount outstanding under the Working Capital Facility shall amount to zero. Not less than 3 months shall elapse between two clean down periods.

12.7 Disposals of assets

The Issuer shall not, and shall procure that no Material Group Company, sell or otherwise dispose of shares in any Material Group Company or of all or substantially all of its or any Material Group Company's assets or operations to any Person not being the Issuer or any of the wholly-owned Subsidiaries, unless the transaction is carried out at fair market value and on terms and conditions customary for such transaction and provided that it does not have a Material Adverse Effect. The Issuer shall notify the

Agent of any such transaction and, upon request by the Agent, provide the Agent with any information relating to the transaction which the Agent deems necessary (acting reasonably).

12.8 Dealings with related parties

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

12.9 Compliance with laws etcetera

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

12.10 Debt Service Account

The Issuer shall procure that no funds are transferred from the Debt Service Account except to make Interest payments under these Terms and Conditions.

12.11 Option to buy Working Capital Facility debt

The Issuer undertakes to, following an event of default which is continuing under any Working Capital Facility, allow the Holders (subject, for the avoidance of doubt, to agreement with the relevant creditor) to buy the outstanding debt under the Working Capital Facility at par, together with accrued but unpaid interest, from the relevant creditor to the Working Capital Facility.

12.12 Financial reporting etcetera

12.12.1 The Issuer shall:

(a) prepare and make available the annual audited consolidated financial statements of the Group and the annual audited unconsolidated financial statements of the Issuer, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors, to the Agent and on its website not later than 4 months after the expiry of each financial year;

(b) prepare and make available the quarterly interim unaudited consolidated reports of the Group and the quarterly interim unaudited unconsolidated reports of the Issuer, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors, to the Agent and on its website not later than 2 months after the expiry of each relevant interim period;

(c) issue a Compliance Certificate to the Agent (i) in connection with the incurrence of Financial Indebtedness or the payment of any Restricted Payment which requires that the Incurrence Test is met and (ii) at the Agent's request, within 20 calendar days from such request;

(d) keep the latest version of these Terms and Conditions (including documents amending these Terms and Conditions) available on its website;

(e) promptly notify the Agent (and, as regards a Change of Control Event, the Holders) upon becoming aware of the occurrence of (i) a Change of Control Event or (ii) an Event of Default, and shall provide the Agent with such further information as the Agent may request (acting reasonably) following receipt of such notice; and

(f) prepare the Financial Reports in accordance with the Accounting Principles and make them available in accordance with the rules and regulations of NASDAQ OMX Stockholm (or any other Regulated Market, as applicable) (as amended from time to time) and the Swedish Securities Market Act (Sw. *lag (2007:528) om värdepappersmarknaden*).

12.12.2 The Issuer shall notify the Agent of any transaction referred to in Clause 12.7 (*Disposals of assets*) and shall, upon request by the Agent, provide the Agent with (i) any information relating to the transaction which the Agent deems necessary (acting reasonably), and (ii) a determination from the Issuer which states whether the transaction is carried out on an arm's length basis and on terms and conditions customary for such transaction or not and whether it has a Material Adverse Effect or not. The Agent may assume that any information provided by the Issuer is correct, and the Agent shall not be responsible or liable for the adequacy, accuracy or completeness of such information. The Agent is not responsible for assessing if the transaction is carried out on an arm's length basis and on terms and conditions customary for such transaction and whether it has a Material Adverse Effect, but is not bound by the Issuer's determination under item (ii) above.

12.13 Agent Agreement

12.13.1 The Issuer shall, in accordance with the Agent Agreement:

(a) pay fees to the Agent;

(b) indemnify the Agent for costs, losses and liabilities;

(c) furnish to the Agent all information reasonably requested by or otherwise required to be delivered to the Agent; and

(d) not act in a way which would give the Agent a legal or contractual right to terminate the Agent Agreement.

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

13 CONDITIONS PRECEDENT FOR DISBURSEMENT

13.1 The Agent's approval of disbursement from the Escrow Account of the Net Proceeds is subject to the following documents having been received by the Agent, in form and substance satisfactory to the Agent (acting reasonably):

(a) evidence that the amount set out in Clause 4.1 has been transferred to the Debt Service Account and that the pledge under the Debt Service Account Pledge Agreement has been perfected;

(b) copy of duly executed release notice from the lender under the Senior Debt confirming that all Senior Debt Security (except for security which constitutes Permitted Security) will be released upon repayment of the Senior Debt; and

(c) copy of duly executed Funds Flow Statement evidencing that the amounts to be released from the Escrow Account partly shall be used towards repayment of the Existing Debt in full.

- 13.1.1 When the Conditions Precedent for Disbursement set out above have been fulfilled to the satisfaction of the Agent (acting reasonably), the Agent shall instruct the account bank to make the transfers set out in the Funds Flow Statement from the Escrow Account for the purpose of repayment of the Existing Debt in full.

14 CONDITIONS SUBSEQUENT FOR DISBURSEMENT

- 14.1 The Issuer shall provide evidence to the Agent, in form and substance satisfactory to the Agent (acting reasonable), showing that the events listed below have occurred immediately after the transfers set out in the Funds Flow Statement have been made:

(a) that the Existing Debt has been fully repaid; and

(b) that all Senior Debt Security (except for security which constitutes Permitted Security) have been released with no remaining obligations of the Issuer.

- 14.2 When the Conditions Subsequent have been fulfilled to the satisfaction of the Agent (acting reasonably), the Agent shall (i) instruct the account bank to transfer any residual funds from the Escrow Account to a bank account specified by the Issuer, to be used for general corporate purposes and (ii) release the pledge over the Escrow Account.

15 TERMINATION OF THE BONDS

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

(a) **Non-payment:** The Issuer fails to pay an amount on the date it is due in accordance with the Finance Documents unless its failure to pay is due to technical or administrative error and is remedied within 5 Business Days of the due date;

(b) **Conditions subsequent:** The Issuer has not provided the Agent with evidence, in form and substance satisfactory to the Agent (acting reasonable), showing that each of the Conditions Subsequent has been taken or that the events described in Clause 14 (Conditions Subsequent for disbursement) have occurred immediately after the transfers set out in the Funds Flow Statement have been made;

(c) **Other obligations:** The Issuer does not comply with the Finance Documents in any other way than as set out under item (a) and (b) above, unless the non-compliance (i) is capable of being remedied and (ii) is remedied within 15 Business Days of the earlier of the Agent giving notice and the Issuer becoming aware of the non-compliance (if the failure or violation is not capable of being remedied, the Agent may declare the Bonds payable without such prior written request);

(d) **Cross-default/-acceleration:**

(i) Any Financial Indebtedness of any Material Group Company is not paid when due nor within any originally applicable grace period or is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default howsoever described under any document relating to Financial Indebtedness of any Material Group Company; or

(ii) any security interest securing Financial Indebtedness over any asset of any Material Group Company is enforced;

provided however that the amount of Financial Indebtedness referred to under item (i) and/or (ii) above, individually or in the aggregate exceeds an amount corresponding to SEK 10,000,000 and provided that it does not apply to any Financial Indebtedness owed to a Group Company;

(e) **Insolvency:**

(i) Any Material Group Company is unable or admits inability to pay its debts as they fall due or is declared to be unable to pay its debts under applicable law, suspends making payments on its debts generally or, by reason of actual or anticipated financial difficulties, commences negotiations with its creditors (other than under these Terms and Conditions) with a view to rescheduling its Financial Indebtedness; or

(ii) a moratorium is declared in respect of the Financial Indebtedness of any Material Group Company;

(f) **Insolvency proceedings:** Any corporate action, legal proceedings or other procedures are taken (other than (i) proceedings or petitions which are being disputed in good faith and are discharged, stayed or dismissed within 30 calendar days of commencement or, if earlier, the date on which it is advertised and (ii), in relation to the Subsidiaries, solvent liquidations) in relation to:

(i) the suspension of payments, winding-up, dissolution, administration or reorganisation (Sw. företagsrekonstruktion) (by way of voluntary agreement, scheme of arrangement or otherwise) of any Material Group Company;

(ii) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of any Material Group Company or any of its assets; or

(iii) any analogous procedure or step is taken in any jurisdiction in respect of any Material Group Company;

(g) Mergers and demergers:

(i) A decision is made that any Material Group Company shall be merged or demerged into a company which is not a Group Company, unless the Agent has given its consent (not to be unreasonably withheld or delayed) in writing prior to the merger and/or demerger (where consent is not to be understood as a waiver of the rights that applicable law at the time assigns the concerned creditors); or

(ii) the Issuer merges with any other Person, or is subject to a demerger, with the effect that the Issuer is not the surviving entity;

(h) Creditors' process: Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of any Material Group Company having an aggregate value equal to or exceeding SEK 10,000,000 and is not discharged within 30 calendar days;

(i) Impossibility or illegality: It is or becomes impossible or unlawful for the Issuer to fulfil or perform any of the provisions of the Finance Documents or if the obligations under the Finance Documents are not, or cease to be, legal, valid, binding and enforceable; or

(j) Continuation of the business: The Issuer or any other Material Group Company ceases to carry on its business, except if due to (i) a permitted merger or demerger as stipulated in Clause 15.1 (g) or (ii) a permitted disposal as stipulated in Clause 12.7.

- 15.2 Termination for payment prematurely on the grounds mentioned in Clause 15.1 (c) and (d) or, regarding any of the Subsidiaries, on the grounds mentioned in Clause 15.1 (e), (f), (g), (h) and (j) may only occur if the nature of the particular circumstance is such that it would have a Material Adverse Effect and that the cause of termination is continuing at the time of the Agent's declaration. However, if a moratorium occurs, the ending of that moratorium will not prevent termination for payment prematurely on the ground mentioned in Clause 15.1 (e).
- 15.3 If the right to terminate the Bonds is based upon a decision of a court of law or a government authority, it is not necessary that the decision has become enforceable under law or that the period of appeal has expired in order for cause of termination to be deemed to exist.
- 15.4 The Issuer is obliged to inform the Agent immediately if any circumstance of the type specified in Clause 15.1 should occur. Should the Agent not receive such information, the Agent is entitled to assume that no such circumstance exists or can be expected to occur, provided that the Agent does not have knowledge of such circumstance. The Agent is under no obligations to make any investigations relating to the circumstances specified in Clause 15.1. The Issuer shall further, at the request of the Agent, provide the Agent with details of any circumstances referred to in Clause 15.1 and provide the Agent with all documents that may be of significance for the application of this Clause 15.

- 15.5 The Issuer is only obliged to inform the Agent according to Clause 15.4 if informing the Agent would not conflict with any statute or the Issuer's registration contract with NASDAQ OMX Stockholm (or any other Regulated Market, as applicable). If such a conflict would exist pursuant to the listing contract with NASDAQ OMX Stockholm (or any other Regulated Market, as applicable) or otherwise, the Issuer shall however be obliged to either seek the approval from NASDAQ OMX Stockholm (or any other Regulated Market, as applicable) or undertake other reasonable measures, including entering into a non-disclosure agreement with the Agent, in order to be able to timely inform the Agent according to Clause 15.4.
- 15.6 If the Agent has been notified by the Issuer or has otherwise determined that there is a default under these Terms and Conditions according to Clause 15.1, the Agent shall decide, within 20 Business Days of the day of notification or determination, if the Bonds shall be declared terminated. If the Agent has decided not to terminate the Bonds, the Agent shall, at the earliest possible date, notify the Holders that there exists a right of termination and obtain instructions from the Holders according to the provisions in Clause 17 (*Decisions by Holders*). If the Holders vote in favour of termination and instruct the Agent to terminate the Bonds, the Agent shall promptly declare the Bonds terminated. However, if the cause for termination according to the Agent's appraisal has ceased before the termination, the Agent shall not terminate the Bonds. The Agent shall in such case, at the earliest possible date, notify the Holders that the cause for termination has ceased. The Agent shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default and whether such event has a Material Adverse Effect.
- 15.7 If the Holders, without any prior initiative to decision from the Agent or the Issuer, have made a decision regarding termination in accordance with Clause 17 (*Decisions by Holders*), the Agent shall promptly declare the Bonds terminated. The Agent is however not liable to take action if the Agent considers cause for termination not to be at hand, unless the instructing Holders agree in writing to indemnify and hold the Agent harmless from any loss or liability and, if requested by the Agent in its discretion, grant sufficient security for such indemnity.
- 15.8 If the Bonds are declared due and payable in accordance with the provisions in this Clause 15, the Agent shall take every reasonable measure necessary to recover the amounts outstanding under the Bonds.
- 15.9 For the avoidance of doubt, the Bonds cannot be terminated and become due for payment prematurely according to this Clause 15 without relevant decision by the Agent or following instructions from the Holders' pursuant to Clause 17 (*Decisions by Holders*).
- 15.10 If the Bonds are declared due and payable in accordance with this Clause 15 (*Termination of the Bonds*), the Issuer shall redeem all Bonds with an amount per Bond equal to 105.00 per cent. of the Nominal Amount or, if the Bonds are declared due and payable on or after the First Call Date, at the applicable Call Option Amount.

16 DISTRIBUTION OF PROCEEDS

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

(a) *first*, in or towards payment *pro rata* of (i) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Agent, (ii) other costs, expenses and indemnities relating to the termination of the Bonds or the protection of the Holders' rights, (iii) any non-reimbursed costs incurred by the Agent for external experts, and (iv) any non-reimbursed costs and expenses incurred by the Agent in relation to a Holders' Meeting or a Written Procedure;

(b) *secondly*, in or towards payment *pro rata* of accrued but unpaid Interest under the Bonds (Interest due on an earlier Interest Payment Date to be paid before any Interest due on a later Interest Payment Date);

(c) *thirdly*, in or towards payment *pro rata* of any unpaid principal under the Bonds; and

(d) *fourthly*, in or towards payment *pro rata* of any other costs or outstanding amounts unpaid under the Finance Documents.

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

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

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

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

17 DECISIONS BY HOLDERS

- 17.1 A request by the Agent for a decision by the Holders on a matter relating to the Finance Documents shall (at the option of the Agent) be dealt with at a Holders' Meeting or by way of a Written Procedure.
- 17.2 Any request from the Issuer or a Holder (or Holders) representing at least 10 per cent. of the Adjusted Nominal Amount (such request may only be validly made by a Person who is a Holder on the Business Day immediately following the day on which the request is received by the Agent and shall, if made by several Holders, be made by them jointly) for a decision by the Holders on a matter relating to the Finance Documents shall be directed to the Agent and dealt with at a Holders' Meeting or by way of a Written Procedure, as determined by the Agent. The Person requesting the decision may suggest the form for decision making, but if it is in the Agent's opinion more appropriate that a matter is dealt with at a Holders' Meeting than by way of a Written Procedure, it shall be dealt with at a Holders' Meeting.
- 17.3 The Agent may refrain from convening a Holders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any Person in addition to the Holders and such Person has informed the Agent that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable laws.
- 17.4 Only a Person who is, or who has been provided with a power of attorney or other proof of authorisation pursuant to Clause 8 (*Right to act on behalf of a Holder*) from a Person who is, registered as a Holder:
- (a) on the Record Date prior to the date of the Holders' Meeting, in respect of a Holders' Meeting, or
 - (b) on the Business Day specified in the communication pursuant to Clause 19.3, in respect of a Written Procedure,
- may exercise voting rights as a Holder at such Holders' Meeting or in such Written Procedure, provided that the relevant Bonds are included in the definition of Adjusted Nominal Amount.
- 17.5 The following matters shall require consent of Holders representing at least two thirds (2/3) of the Adjusted Nominal Amount for which Holders are voting at a Holders' Meeting or for which Holders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 19.3:
- (a) waive a breach of or amend an undertaking set out in Clause 12 (Special undertakings);
 - (b) reduce the principal amount, Interest Rate or Interest which shall be paid by the Issuer;
 - (c) amend any payment day for principal or Interest or waive any breach of a payment undertaking, or
 - (d) amend the provisions in this Clause 17.5 or Clause 17.6.

- 17.6 Any matter not covered by Clause 17.5 shall require the consent of Holders representing more than 50 per cent. of the Adjusted Nominal Amount for which Holders are voting at a Holders' Meeting or for which Holders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 19.3. This includes, but is not limited to, any amendment to or waiver of the terms of any Finance Document that does not require a higher majority (other than an amendment permitted pursuant to Clause 20.1 (a) or (b)), a termination of the Bonds or the enforcement of any security created under the Debt Service Account Pledge Agreement and the Escrow Account Pledge Agreement.
- 17.7 If the number of votes or replies are equal, the opinion which is most beneficial for the Issuer, according to the chairman at a Holders' Meeting or the Agent in a Written Procedure, will prevail.
- 17.8 Quorum at a Holders' Meeting or in respect of a Written Procedure only exists if a Holder (or Holders) representing at least 20 per cent. of the Adjusted Nominal Amount:
- (a) if at a Holders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or
 - (a) if in respect of a Written Procedure, reply to the request.
- 17.9 If a quorum does not exist at a Holders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Holders' Meeting (in accordance with Clause 18.1) or initiate a second Written Procedure (in accordance with Clause 19.1), as the case may be, provided that the relevant proposal has not been withdrawn by the Person(s) who initiated the procedure for Holders' consent. The quorum requirement in Clause 17.8 shall not apply to such second Holders' Meeting or Written Procedure.
- 17.10 Any decision which extends or increases the obligations of the Issuer or the Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent, under the Finance Documents shall be subject to the Issuer's or the Agent's consent, as appropriate.
- 17.11 A Holder holding more than one Bond need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.
- 17.12 The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Holders that consent at the relevant Holders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.
- 17.13 A matter decided at a duly convened and held Holders' Meeting or by way of Written Procedure is binding on all Holders, irrespective of them being present or represented at the Holders' Meeting or responding in the Written Procedure. The Holders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Holders.

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

18 HOLDERS' MEETING

- 18.1 The Agent shall convene a Holders' Meeting by sending a notice thereof to each Holder no later than 5 Business Days after receipt of a request from the Issuer or the Holder(s) (or such later date as may be necessary for technical or administrative reasons).
- 18.2 Should the Issuer want to replace the Agent, it may convene a Holders' Meeting in accordance with Clause 18.1 with a copy to the Agent. After a request from the Holders pursuant to Clause 21.4.3, the Issuer shall no later than 5 Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Holders' Meeting in accordance with Clause 18.1.
- 18.3 The notice pursuant to Clause 18.1 shall include (i) time for the meeting, (ii) place for the meeting, (iii) agenda for the meeting (including each request for a decision by the Holders) and (iv) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Holders' Meeting. Should prior notification by the Holders be required in order to attend the Holders' Meeting, such requirement shall be included in the notice.
- 18.4 The Holders' Meeting shall be held no earlier than 15 Business Days and no later than 30 Business Days from the notice.
- 18.5 If the Agent, in breach of these Terms and Conditions, has not convened a Holders' Meeting within 10 Business Days after having received such notice, the requesting Person may convene the Holders' Meeting itself. If the requesting Person is a Holder, the Issuer shall upon request from such Holder provide the Holder with necessary information from the register kept by the CSD and, if no Person to open the Holders' Meeting has been appointed by the Agent, the meeting shall be opened by a Person appointed by the requesting Person.

18.6 At a Holders' Meeting, the Issuer, the Holders (or the Holders' representatives/proxies) and the Agent may attend along with each of their representatives, counsels and assistants. Further, the directors of the board, the managing director and other officials of the Issuer and the Issuer's auditors may attend the Holders' Meeting. The Holders' Meeting may decide that further individuals may attend. If a representative/proxy shall attend the Holders' Meeting instead of the Holder, the representative/proxy shall present a duly executed proxy or other document establishing its authority to represent the Holder.

18.7 Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Holders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Holders to vote without attending the meeting in Person.

19 WRITTEN PROCEDURE

19.1 The Agent shall instigate a Written Procedure no later than 5 Business Days after receipt of a request from the Issuer or the Holder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each such Person who is registered as a Holder on the Business Day prior to the date on which the communication is sent.

19.2 Should the Issuer want to replace the Agent, it may send a communication in accordance with Clause 19.1 to each Holder with a copy to the Agent.

19.3 A communication pursuant to Clause 19.1 shall include (i) each request for a decision by the Holders, (ii) a description of the reasons for each request, (iii) a specification of the Business Day on which a Person must be registered as a Holder in order to be entitled to exercise voting rights, (iv) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney, and (v) the stipulated time period within which the Holder must reply to the request (such time period to last at least 15 Business Days from the communication pursuant to Clause 19.1). If the voting shall be made electronically, instructions for such voting shall be included in the communication.

19.4 If the Agent, in breach of these Terms and Conditions, has not instigated a Written Procedure within 10 Business Days after having received such notice, the requesting Person may instigate a Written Procedure itself. If the requesting Person is a Holder, the Issuer shall upon request from such Holder provide the Holder with necessary information from the register kept by the CSD.

19.5 When the requisite majority consents of the total Adjusted Nominal Amount pursuant to Clause 17.5 and 17.6 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 17.5 or 17.6, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

20 AMENDMENTS AND WAIVERS

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

(a) such amendment or waiver is not detrimental to the interest of the Holders, or is made solely for the purpose of rectifying obvious errors and mistakes;

(b) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority; or

(c) such amendment or waiver has been duly approved by the Holders in accordance with Clause 17 (*Decisions by Holders*).

- 20.2 The consent of the Holders is not necessary to approve the particular form of any amendment or waiver to the Finance Documents. It is sufficient if such consent approves the substance of the amendment or waiver.
- 20.3 The Agent shall promptly notify the Holders of any amendments or waivers made in accordance with Clause 20.1, setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to the Finance Documents are available on the websites of the Issuer and the Agent. The Issuer shall ensure that any amendments to these Terms and Conditions are duly registered with the CSD and each other relevant organisation or authority.
- 20.4 An amendment or waiver to the Finance Documents shall take effect on the date determined by the Holders' Meeting, in the Written Procedure or by the Agent, as the case may be.

21 APPOINTMENT AND REPLACEMENT OF THE AGENT

- 21.1 Appointment of Agent
- 21.1.1 By subscribing for Bonds, each initial Holder appoints the Agent to act as its agent in all matters relating to the Bonds and the Finance Documents, and authorises the Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Bonds held by such Holder. By acquiring Bonds, each subsequent Holder confirms such appointment and authorisation for the Agent to act on its behalf.
- 21.1.2 The Agent shall upon request by a Holder disclose the identity of any other Holder who has consented to the Agent in doing so.
- 21.1.3 Each Holder shall immediately upon request by the Agent provide the Agent with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent), as the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Agent is under no obligation to represent a Holder which does not comply with such request.
- 21.1.4 The Issuer shall promptly upon request provide the Agent with any documents and other assistance (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents.

21.1.5 The Agent is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents and the Agent's obligations as agent under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.

21.1.6 The Agent may act as agent for several issues of securities issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.

21.2 Duties of the Agent

21.2.1 The Agent shall represent the Holders in accordance with the Finance Documents. However, the Agent is not responsible for the execution or enforceability of the Finance Documents. The Agent shall keep the latest version of these Terms and Conditions (including any document amending these Terms and Conditions) available on the website of the Agent.

21.2.2 When acting in accordance with the Finance Documents, the Agent is always acting with binding effect on behalf of the Holders. The Agent shall carry out its duties under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill.

21.2.3 The Agent is entitled to delegate its duties to other professional parties, but the Agent shall remain liable for the actions of such parties under the Finance Documents.

21.2.4 The Agent shall treat all Holders equally and, when acting pursuant to the Finance Documents, act with regard only to the interests of the Holders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other Person, other than as explicitly stated in the Finance Documents.

21.2.5 The Agent shall be entitled to disclose to the Holders any event or circumstance directly or indirectly relating to the Issuer or the Bonds. Notwithstanding the foregoing, the Agent may if it considers it to be beneficial to the interests of the Holders delay disclosure or refrain from disclosing certain information other than in respect of an Event of Default that has occurred and is continuing.

21.2.6 The Agent is entitled to engage external experts when carrying out its duties under the Finance Documents. The Issuer shall on demand by the Agent pay all costs for external experts engaged (i) after the occurrence of an Event of Default, (ii) for the purpose of investigating or considering an event which the Agent reasonably believes is or may lead to an Event of Default or a matter relating to the Issuer which the Agent reasonably believes may be detrimental to the interests of the Holders under the Finance Documents or (iii) when the Agent is to make a determination under the Finance Documents. Any compensation for damages or other recoveries received by the Agent from external experts engaged by it for the purpose of carrying out its duties under the Finance Documents shall be distributed in accordance with Clause 16 (*Distribution of proceeds*).

21.2.7 Notwithstanding any other provision of the Finance Documents to the contrary, the Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.

- 21.2.8 If in the Agent's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Agent) in complying with instructions of the Holders, or taking any action at its own initiative, will not be covered by the Issuer, the Agent may refrain from acting in accordance with such instructions, or taking such action, until it has received such funding or indemnities (or adequate security has been provided therefore) as it may reasonably require.
- 21.2.9 The Agent shall give a notice to the Holders (i) before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents, or (ii) if it refrains from acting for any reason described in Clause 21.2.8.

21.3 Limited liability for the Agent

- 21.3.1 The Agent will not be liable to the Holders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its negligence or wilful misconduct. The Agent shall never be responsible for indirect loss.
- 21.3.2 The Agent shall not be considered to have acted negligently if it has acted in accordance with advice from or opinions of reputable external experts engaged by the Agent or if the Agent has acted with reasonable care in a situation when the Agent considers that it is detrimental to the interests of the Holders to delay the action in order to first obtain instructions from the Holders.
- 21.3.3 The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to the Finance Documents to be paid by the Agent to the Holders, provided that the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.
- 21.3.4 The Agent shall have no liability to the Holders for damage caused by the Agent acting in accordance with instructions of the Holders given in accordance with Clause 17 (*Decisions by Holders*).
- 21.3.5 Any liability towards the Issuer which is incurred by the Agent in acting under, or in relation to, the Finance Documents shall not be subject to set-off against the obligations of the Issuer to the Holders under the Finance Documents.

21.4 Replacement of the Agent

- 21.4.1 Subject to Clause 21.4.6, the Agent may resign by giving notice to the Issuer and the Holders, in which case the Holders shall appoint a successor Agent at a Holders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.
- 21.4.2 Subject to Clause 21.4.6, if the Agent is insolvent, the Agent shall be deemed to resign as Agent and the Issuer shall within 10 Business Days appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.

- 21.4.3 A Holder (or Holders) representing at least 10 per cent. of the Adjusted Nominal Amount may, by notice to the Issuer (such notice may only be validly given by a Person who is a Holder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Holders, be given by them jointly), require that a Holders' Meeting is held for the purpose of dismissing the Agent and appointing a new Agent. The Issuer may, at a Holders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Holders that the Agent be dismissed and a new Agent appointed.
- 21.4.4 If the Holders have not appointed a successor Agent within 90 calendar days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Agent was dismissed through a decision by the Holders, the Issuer shall appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- 21.4.5 The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.
- 21.4.6 The Agent's resignation or dismissal shall only take effect upon the appointment of a successor Agent and acceptance by such successor Agent of such appointment and the execution of all necessary documentation to effectively substitute the retiring Agent.
- 21.4.7 Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of the Finance Documents and remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer and each of the Holders shall have the same rights and obligations amongst themselves under the Finance Documents as they would have had if such successor had been the original Agent.
- 21.4.8 In the event that there is a change of the Agent in accordance with this Clause 21.4, the Issuer shall execute such documents and take such actions as the new Agent may reasonably require for the purpose of vesting in such new Agent the rights, powers and obligation of the Agent and releasing the retiring Agent from its further obligations under the Finance Documents. Unless the Issuer and the new Agent agrees otherwise, the new Agent shall be entitled to the same fees and the same indemnities as the retiring Agent.

22 APPOINTMENT AND REPLACEMENT OF THE ISSUING AGENT

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

or is dismissed. If the Issuing Agent is insolvent, the Issuer shall immediately appoint a new Issuing Agent, which shall replace the old Issuing Agent as issuing agent in accordance with these Terms and Conditions.

23 NO DIRECT ACTIONS BY HOLDERS

- 23.1 A Holder may not take any steps whatsoever against the Issuer or a Subsidiary to enforce or recover any amount due or owing to it pursuant to the Finance Documents, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation (Sw. *företagsrekonstruktion*) or bankruptcy (Sw. *konkurs*) (or its equivalent in any other jurisdiction) of the Issuer or a Subsidiary in relation to any of the liabilities of the Issuer under the Finance Documents.
- 23.2 Clause 23.1 shall not apply if the Agent has been instructed by the Holders in accordance with the Finance Documents to take certain actions but fails for any reason to take, or is unable to take (for any reason other than a failure by a Holder to provide documents in accordance with Clause 21.1.3), such actions within a reasonable period of time and such failure or inability is continuing. However, if the failure to take certain actions is caused by the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or the Agent Agreement or by any reason described in Clause 21.2.8, such failure must continue for at least 40 Business Days after notice pursuant to Clause 21.2.9 before a Holder may take any action referred to in Clause 23.1.
- 23.3 The provisions of Clause 23.1 shall not in any way limit an individual Holder's right to claim and enforce payments which are due to it under Clause 11.4 (*Mandatory repurchase due to a Change of Control Event (put option)*) or other payments which are due by the Issuer to some but not all Holders.

24 TIME-BAR

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

25 NOTICES AND PRESS RELEASES

25.1 Notices

25.1.1 Any notice or other communication to be made under or in connection with the Finance Documents:

(a) if to the Agent, shall be given at the address registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on the Business Day prior to dispatch or, if sent by email by the Issuer, to such email address as notified by the Agent to the Issuer from time to time;

(b) if to the Issuer, shall be given at the address registered with the Swedish Companies Registration Office on the Business Day prior to dispatch or, if sent by email by the Agent, to such email address as notified by the Issuer to the Agent from time to time; and

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

25.1.2 Any notice or other communication made by one Person to another under or in connection with the Finance Documents shall be sent by way of courier, personal delivery or letter (and, if between the Agent and the Issuer, by email) and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 25.1.1 or, in case of letter, 3 Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 25.1.1 or, in case of email to the Agent or the Issuer, when received in legible form by the email address specified in Clause 25.1.1.

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

25.2 Press releases

25.2.1 Any notice that the Issuer or the Agent shall send to the Holders pursuant to Clause 11.3–11.4, 12.12.1(e), 15.6, 16.4, 17.16, 18.1, 19.1, 20.3, 21.2.9 and 21.4.1 shall also be published by way of press release by the Issuer or the Agent, as applicable.

25.2.2 In addition to Clause 25.2.1, if any information relating to the Bonds, the Issuer or the Group contained in a notice the Agent may send to the Holders under these Terms and Conditions has not already been made public by way of a press release, the Agent shall before it sends such information to the Holders give the Issuer the opportunity to issue a press release containing such information. If the Issuer does not promptly issue a press release and the Agent considers it necessary to issue a press release containing such information before it can lawfully send a notice containing such information to the Holders, the Agent shall be entitled to issue such press release.

26 FORCE MAJEURE AND LIMITATION OF LIABILITY

- 26.1 Neither the Agent nor the Issuing Agent shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade or any other similar circumstance (a “**Force Majeure Event**”). The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Agent or the Issuing Agent itself takes such measures, or is subject to such measures.
- 26.2 The Issuing Agent shall have no liability to the Holders if it has observed reasonable care. The Issuing Agent shall never be responsible for indirect damage with exception of gross negligence and wilful misconduct.
- 26.3 Should a Force Majeure Event arise which prevents the Agent or the Issuing Agent from taking any action required to comply with the Finance Documents, such action may be postponed until the obstacle has been removed.
- 26.4 The provisions in this Clause 26 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.

27 LISTING

The Issuer intends to list the Bonds on the corporate bond list of NASDAQ OMX Stockholm within 30 calendar days after the Issue Date and has undertaken intends to list the Bonds on the corporate bond list of NASDAQ OMX Stockholm within 60 calendar days after the Issue Date.

28 GOVERNING LAW AND JURISDICTION

- 28.1 These Terms and Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Sweden.
- 28.2 Any dispute or claim arising in relation to these Terms and Conditions shall, subject to Clause 28.3, be determined by Swedish courts and the District Court of Stockholm shall be the court of first instance.
- 28.3 The submission to the jurisdiction of the Swedish courts shall not limit the right of the Agent (or the Holders, as applicable) to take proceedings against the Issuer in any court which may otherwise exercise jurisdiction over the Issuer or any of its assets.

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